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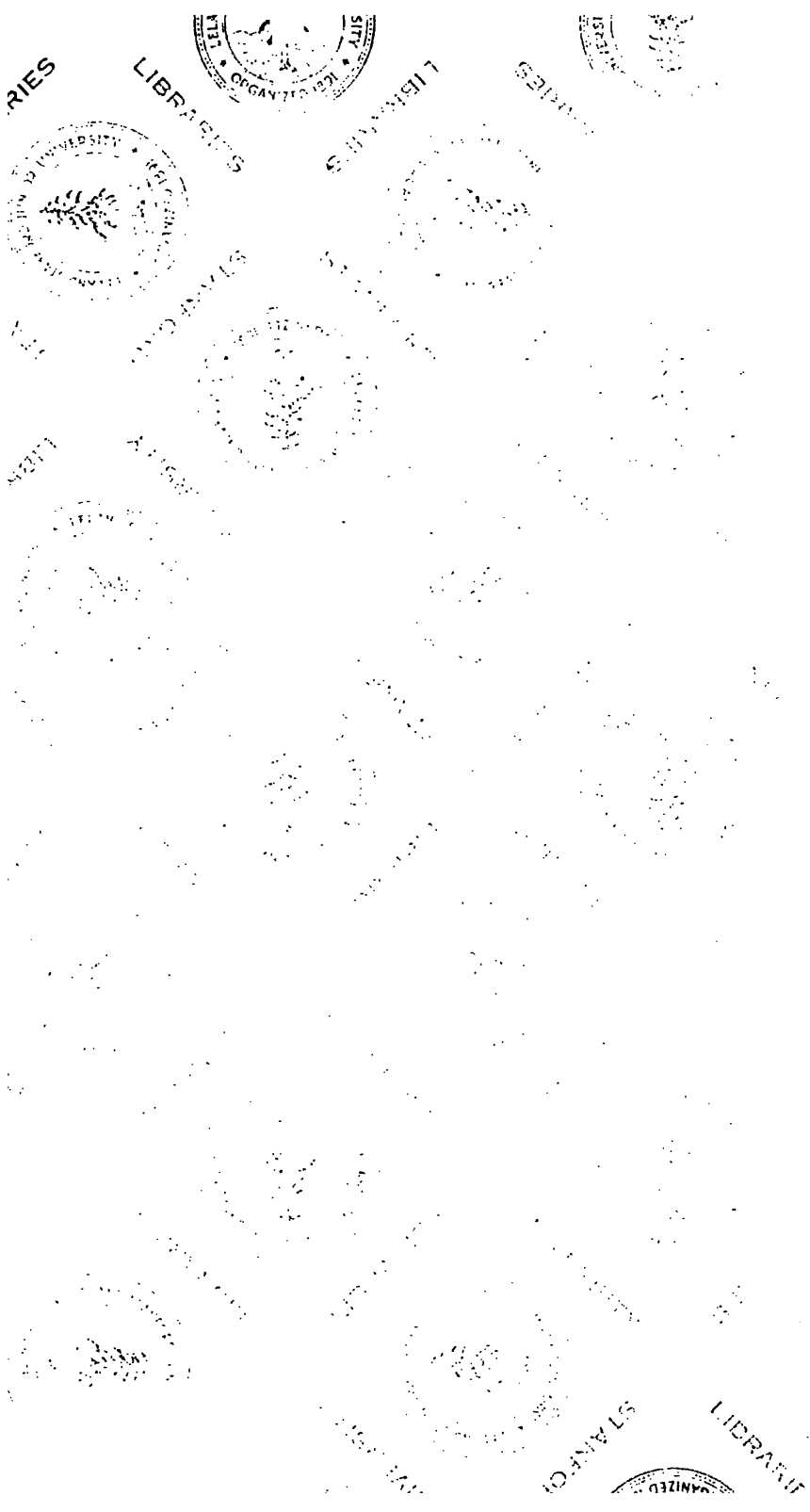
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CREATING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE

HEARINGS

BEFORE

THE COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

HOUSE OF REPRESENTATIVES

SIXTY-FOURTH CONGRESS

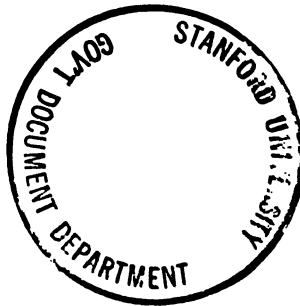
FIRST SESSION

ON

H. R. 10500

A BILL TO ESTABLISH A UNITED STATES SHIPPING BOARD
FOR THE PURPOSE OF ENCOURAGING, DEVELOPING, AND
CREATING A NAVAL AUXILIARY AND NAVAL RESERVE AND
A MERCHANT MARINE TO MEET THE REQUIREMENTS OF THE
COMMERCE OF THE UNITED STATES WITH ITS TERRITORIES
AND POSSESSIONS, AND WITH FOREIGN COUN-
TRIES, AND FOR OTHER PURPOSES

FEBRUARY 10 TO MARCH 9, 1916



WASHINGTON
GOVERNMENT PRINTING OFFICE

1916

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HOUSE OF REPRESENTATIVES.

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CREATING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 10, 1916.

The committee this day met at 10.30 a. m., Hon. Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. This hearing is on H. R. 10500, "A bill to establish a United States shipping board for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its territories and possessions, and with foreign countries, and for other purposes," which reads as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a board is hereby created and established, to be known as the United States shipping board (hereinafter referred to as the board) with powers and duties hereinafter enumerated. The board shall be composed of the Secretary of the Navy and the Secretary of Commerce, as members ex officio, and three commissioners, to be appointed by the President, by and with the advice and consent of the Senate; one of such commissioners to be designated by the President as chairman of the board and one as vice chairman. The chairman of the board, subject to its supervision, shall be the active executive officer. The first commissioners appointed shall continue in office for terms of two, four, and six years, respectively, from the date of their appointment, the term of each to be designated by the President, but their successors shall be appointed for terms of six years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he shall succeed. No commissioner shall engage in any other business, vocation, or employment, and any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. A vacancy in the board shall not impair the right of the remaining members to exercise all of the powers of the board. The board shall have an official seal, which shall be judicially noticed.

Sec. 2. That each member of the board, except the ex officio members, shall receive a salary of \$10,000 per annum. The board shall appoint a secretary, who shall receive a salary of \$5,000 per annum, and it shall have the authority to employ and fix the compensation of such attorneys, officers, naval architects, clerks, and other employees as it may from time to time find necessary for the proper performance of its duties and as may from time to time be appropriated for by the Congress. The President may authorize the detail of officers of the military and naval services of the United States for such duties in connection with the board as may be deemed necessary.

With the exception of the secretary, a clerk to each commissioner, the attorneys, naval architects, and such special experts and examiners as the board may from time to time find necessary to employ for the conduct of its work, all employees of the board shall be a part of the classified civil service and shall enter the service of the board under such rules and regulations as may be prescribed by the board and the Civil Service Commission.

All the expenses of the board, including all necessary expenses for transportation, incurred by the members of the board or by its employees under its orders, in making any investigation, or upon official business in any other place than in the city of Washington, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the board.

Until otherwise provided by law the board may rent suitable offices for its use.

The Auditor for the State and Other Departments shall receive and examine all accounts of expenditures of the board.

SEC. 3. That the United States, through the board and with the approval of the President, is authorized to construct in American shipyards and navy yards, as that capacity will permit, or elsewhere, or to purchase or charter vessels of a type, as far as the commercial requirements of the marine trade of the United States may permit suitable for use as naval auxiliaries and Army transports, or for other naval and military purposes, with a view to chartering, leasing, or selling such vessels to any corporation, firm, or individual, a citizen or citizens of the United States, desiring to use them in the transportation of the commerce of the United States with foreign countries, or with Alaska, the Panama Canal Zone, the Philippine Islands, the Hawaiian Islands, or the islands of Porto Rico, Guam, and Tutuila, and for this purpose the Secretary of the Treasury, upon the request of the board and the approval of the President, may from time to time issue and sell or use for such purchases, chartering, or construction any of the bonds of the United States now available in the Treasury of the United States under the act of August fifth, nineteen hundred and nine, the act of February fourth, nineteen hundred and ten, and the act of March second, nineteen hundred and eleven, relating to the issue of bonds for the construction of the Panama Canal, to a total amount not to exceed \$50,000,000: *Provided*, That any Panama Canal bonds issued and sold or used under the provisions of this section may be made payable at such time after issue not exceeding fifty years as the Secretary of the Treasury, in his discretion, may deem advisable and fix, instead of fifty years after date of issue, as in said Act of August fifth, nineteen hundred and nine prescribed: *Provided, further*, That payments for such purchases, chartering, or construction from the proceeds of sales of bonds, or delivery of bonds in payment therefor, shall be made only as ordered and directed by the board.

SEC. 4. That the board is hereby authorized to charter, lease, or sell the vessels purchased, chartered, or constructed by the United States, as herein provided, to any corporation, firm, or individual, a citizen or citizens of the United States, desiring to use them in the transportation of the commerce of the United States with foreign countries, or with Alaska, the Panama Canal Zone, the Philippine Islands, the Hawaiian Islands, or the islands of Porto Rico, Guam, and Tutuila, upon such terms and conditions as may be prescribed by the board and approved by the President: *Provided*, That vessels constructed in American shipyards and navy yards, under the provisions of this act, may be chartered, leased, or sold to any such corporation, firm, or individual, a citizen or citizens of the United States, for use in the coastwise trade of the United States, particularly the trade between the Atlantic, Gulf, and Pacific coasts: *And provided further*, That such corporation, firm, or individual shall agree that any and all vessels purchased, leased, or chartered from the said board shall be operated under American registry or enrollment unless otherwise authorized and approved by the said board, and that no vessel purchased, leased, or chartered from the said board will be sold, leased, chartered, or rechartered to any corporation, firm, or individual without the consent and approval of the said board: *And provided further*, That such corporation, firm, or individual shall agree that its or his interest in any and all vessels purchased, leased, or chartered from the board may be taken at any time by the United States, absolutely or temporarily, and the vessels used as transports, naval auxiliaries, cruisers, or for any other naval or military purpose, upon the payment to the corporation, firm, or individual interested of the fair actual value of its or his interest therein, based upon normal conditions, if the vessels are taken absolutely, or the reasonable rental value, based upon normal conditions, if taken temporarily, such fair actual value or reasonable rental value, as the case may be, to be determined by the board and approved by the President.

When vessels purchased or constructed by the board as herein provided, and owned by the United States, become in the opinion of the board unfit for the purposes for which purchased or constructed, the same shall be appraised and sold, either by sealed proposals for the purchase of the same or by public auction after advertisement of the sale for such time as in the judgment of the board the public interests require, the proceeds of such sales, after payment therefrom of the expenses thereof, to be covered into the Treasury of the United States.

SEC. 5. That the President of the United States is hereby authorized to transfer to the board such naval auxiliaries belonging to the Naval Establishment of the United States as are suitable for commercial uses, and which are not required for use in the Navy in time of peace, and vessels belonging to the War Department suitable for commercial uses and not required for military transports in time of peace, and to cause to be transferred to the board vessels now owned and operated by the Panama Railroad Company, and not required in the business of such company, and the board, subject to the approval of the President, is hereby authorized to charter, lease, or sell such vessels to any corporation, firm, or individual, a citizen or citizens of the United States, desiring to use them in the coastwise trade of the United States, particularly

the trade between the Atlantic, Gulf, and Pacific coasts, or in the transportation of the commerce of the United States with foreign countries, or with Alaska, the Panama Canal Zone, the Philippine Islands, the Hawaiian Islands, or the islands of Porto Rico, Guam, and Tutuila, upon such terms and conditions as the board, with the approval of the President of the United States, shall prescribe: *Provided*, That such corporation, firm, or individual shall agree that any and all vessels purchased, leased, or chartered from the said board shall be operated under American registry or enrollment, unless otherwise authorized and approved by the board, and that no vessel purchased, leased, or chartered from the said board will be sold, leased, chartered, or rechartered to any corporation, firm, or individual without the consent and approval of the said board: *And provided further*, That such corporation, firm, or individual shall agree that its or his interest in any and all vessels purchased, leased, or chartered from the said board may be taken at any time by the United States, absolutely or temporarily, and the vessels used as transports, naval auxiliaries, cruisers, or for any other naval or military purpose, upon the payment to the corporation, firm, or individual interested of the fair actual value of its or his interest therein, based upon normal conditions, if the vessels are taken absolutely, or the reasonable rental value, based upon normal conditions, if taken temporarily, such fair actual value or reasonable rental value, as the case may be, to be determined by the board and approved by the President.

SEC. 6. That all vessels purchased, chartered, or leased from the board, as herein provided, shall be registered or enrolled under the laws of the United States as vessels of the United States and entitled to the benefits and privileges appertaining to vessels of the United States, and shall, when and while employed solely as merchant vessels, be in all respects subject to all laws, regulations, and liabilities governing merchant vessels, whether the United States be interested therein as owner, in whole or in part, or shall have or hold any mortgage, lien, or other interest therein, and hereafter no vessel registered or enrolled under the laws of the United States shall be sold to any person, firm, or corporation other than a citizen of the United States, or transferred to any foreign registry without the approval and consent of the said board, and in the event that any vessel is sold or transferred except as herein provided, such vessel shall thereafter be refused clearance from any and all American ports, and the vendor or transferor of such vessel shall be deemed guilty of a misdemeanor and shall be subject to imprisonment for not less than one nor more than five years or to the payment of a fine of not less than \$1,000 and not more than \$5,000, or both.

SEC. 7. That the President of the United States, upon giving to the corporation, firm, or individual interested such reasonable notice in writing as in his judgment the circumstances will permit, may take possession, absolutely or temporarily, for use as transports, naval auxiliaries, cruisers, or for any other naval or military purpose, of any vessel or vessels purchased, leased, or chartered from the board, and said corporation, firm, or individual shall be entitled to a reasonable price or rental therefor, based upon normal conditions, to be determined by the board and approved by the President: *Provided*, That if in the judgment of the President an emergency exists requiring such action, he may take possession of any such vessel or vessels without notice.

SEC. 8. That the board hereby created, if in its judgment such action is necessary to carry out the purposes of this act, may form under the laws of the United States, or of the District of Columbia, a corporation or corporations with capital stock in such amount as the board may prescribe, such capital stock, however, to be within the limits of the appropriations made by this act, whose object shall be the purchase, construction, equipment, maintenance, and operation of merchant vessels in the commerce of the United States and with foreign countries and with Alaska, the Panama Canal Zone, the Philippine Islands, the Hawaiian Islands, or the islands of Porto Rico, Guam, and Tutuila, and the chartering or leasing of vessels for such purposes; and for and on behalf of the United States, may subscribe to and purchase not less than a majority of the capital stock of such corporation or corporations, and shall have the authority to vote the stock of the United States owned in such corporation or corporations, and also to do all other things in regard thereto as may be necessary to protect the interests of the United States and to carry out the purposes of this act and the board, with the approval of the President, may at any time sell the stock of such corporation or corporations owned by the United States.

SEC. 9. That the board hereby created shall have the power and authority to regulate the operation of all corporations, firms, or individuals engaged as common carriers in the transportation of passengers and property by water between the ports of the United States, and not entirely within the limits of a single State, and between the United States and foreign countries, and between the United States and its territories and possessions, and between the territories and possessions of the United States, and

to determine and prescribe just and reasonable rates or charges to be demanded or collected for the transportation of passengers and property in such trade, and just, fair, and reasonable classifications, regulations, or practices to be followed with regard thereto: *Provided, however,* That the board may prescribe preferential rates covering the transportation aforesaid, if, in its judgment, such rates are necessary in order effectually to carry out the purposes of this act. And when property may be and is transported by common carriers from a point within the United States to foreign countries or to or from the territories or possessions of the United States, the carriage being by a railroad or railroads or other means of transportation, within the United States, and a vessel or vessels operating under American registry or enrollment, the board is hereby authorized to determine and prescribe through routes between and over such rail and water lines, and just and reasonable joint rates or charges to be demanded and collected for the transportation of property over such routes, and to determine and prescribe just, fair, and reasonable classifications, regulations, or practices to be adopted and followed in regard to such traffic, including the issuance and form of through bills of lading and permits for shipments for specific sailings, which shipments are hereby expressly authorized: *Provided, however,* That the board may prescribe preferential rates covering the transportation aforesaid, if, in its judgment, such rates are necessary in order effectually to carry out the purposes of this act. And whenever the carriers between and over whose lines joint routes have been established and prescribed, as aforesaid, shall fail to agree among themselves upon the apportionment or division of the joint rate prescribed by the board, as aforesaid, the board may, after a hearing prescribe the just and reasonable proportion of such joint rate to be received by each carrier party thereto, provided that in determining the just and reasonable proportion of such joint rate to be received by any railroad company or companies the board shall act in conjunction with the Interstate Commerce Commission with regard thereto and the prior publication of such rates as provided by the interstate commerce act shall not be required.

The board shall also have power and authority to make diligent investigations into the navigation laws of the United States and into the organization, conduct, and management of the business of all corporations, firms, or individuals engaged as common carriers in the marine transportation aforesaid, and to gather and report to the President of the United States such information and data as will enable him to recommend to the Congress legislation for the regulation of such commerce and for the promotion and development of the American merchant marine.

In order to accomplish the purposes declared in the foregoing provisions of this section, the provisions of the Act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, and all Acts amendatory thereof and supplementary thereto, are hereby extended to include common carriers engaged in the transportation of passengers and property by water between the ports of the United States, and not entirely within the limits of a single State, and between the United States and foreign countries, and between the United States and its Territories and possessions, and between the Territories and possessions of the United States, so far as applicable, except that in respect to such common carriers the board hereby created shall be substituted in lieu of the Interstate Commerce Commission mentioned therein.

SEC. 10. That on and after January first, nineteen hundred and seventeen, no corporation, firm, or individual shall engage in the business of transporting passengers or property by water between the ports of the United States and not entirely within the limits of a single State, or between the United States and foreign countries, or between the United States and its territories and possessions, or between the territories and possessions of the United States without first obtaining a license so to do from the board hereby created, and the collector of customs or other officer of customs is hereby authorized and directed to refuse clearance to any vessel unless the corporation, firm, or individual owning or operating the same is a holder of such license. The said board is hereby authorized and directed to promulgate and establish from time to time such rules and regulations, to be observed by all corporations, firms, or individuals engaged in the business aforesaid, as may in its judgment be necessary to secure a full and complete compliance with the above provision and to carry out in the most effective manner the provisions of this act, and is also authorized and directed to revoke licenses theretofore granted when satisfied that the rules and regulations promulgated as aforesaid are not being observed or the provisions of this act are not being complied with: *Provided,* That the authority hereby granted shall not be construed to affect existing laws in regard to vessels or the authority conferred by such laws upon any officer or officers or department or division of the Government to promulgate and establish rules and regulations relating thereto.

SEC. 11. That any vessel operated under this act may be listed as a vessel of the United States naval auxiliary reserve, and such of the officers and crews of such vessels

as may volunteer for the purpose may be enrolled as members of such reserve in various ranks and ratings corresponding to those of the United States Navy not above the rank of lieutenant commander, provided they are citizens of the United States, under such regulations as may be prescribed by the Secretary of the Navy with the approval of the board. All persons thus enrolled in the said reserve shall be entitled to receive retainer allowances from the United States while so enrolled, at rates to be fixed by the board, not to exceed an allowance of \$5 per month for enlisted men, \$10 per month for petty officers, \$12 per month for warrant officers, and \$15 per month for officers.

SEC. 12. The board shall, on or before the first day of December in each year, make a report, which shall be transmitted to the Congress, and copies of which shall be distributed as are the other reports transmitted to the Congress. This report shall contain a record of all transactions of the board and of all expenditures and receipts under this act, and of the operations of any corporation or corporations in which the United States may have become a stockholder, and the names and compensation of all persons employed by said board.

SEC. 13. That for the purpose of carrying out the provisions of this act, there is hereby appropriated out of any money in the Treasury of the United States not otherwise appropriated, the sum of \$50,000,000, and the Secretary of the Treasury may issue and sell so many of the Panama Canal bonds authorized to be issued and sold by section three, and on the same terms, as may be necessary to secure the amount of \$50,000,000, and set apart and use the proceeds thereof for such purpose.

SEC. 14. That all acts and parts of acts in conflict with the provisions of this act are hereby repealed.

The hearing has been set down for this morning, and will continue from time to time as may be necessary, to give those interested in this legislation an opportunity to be heard.

We have with us Mr. William H. Douglas, of New York, chairman of the special committee on merchant marine of the Chamber of Commerce of the United States. I have invited him to be present, and, as he has many engagements, I have suggested that we would be pleased to afford him an opportunity at this time to be heard with reference to the bill. I take pleasure in introducing to you Mr. Douglas.

STATEMENT OF MR. WILLIAM H. DOUGLAS.

MR. DOUGLAS. Mr. Chairman, I appreciate the courtesy of the Secretary of Commerce, and also of the Secretary of the Treasury, in allowing me to speak first.

I would like to preface my remarks by the statement that I have no authority from the board here; that is, from the chamber of commerce, to make any statement, but, of course, our records are official and have been published, and therefore I will confine myself strictly to the official records of the chamber of commerce in connection with this matter. I would state that we took the matter up last year, and very thoroughly went into it, and we made a report at the annual meeting, which took place in February, 1915. We then sent out a referendum, which is fairly well known to all the gentlemen present, and therefore I do not think it is necessary to go over that referendum in its entirety or to any extent. I will simply state that we did not favor the purchase or construction and operation of vessels by the United States Government, as a vote on the referendum. We then voted on whether, in case the Government should lease these vessels, and not operate them as a Government operation, the country would favor that or not, and the vote again was adverse to any such action by the Government.

We then requested the constituent bodies of the chamber to signify their approval or disapproval on the question of subventions and subsidies, as that was a protection feature in connection with the

merchant marine, and they voted largely in favor of subventions to create the mail and freight lines, which we all acknowledge we desire.

We then asked if it would be desirable to consider the question of subsidies to offset the cost of operation between sailing under the American flag and under foreign flags, which, of course, has been a much-discussed proposition, and again the vote by the constituent bodies of the chamber was in favor of that proposition.

We asked various questions with reference, first, to the creation of a Federal shipping board, which, in our judgment, should be a non-partisan board; that is, we did not favor having the officials of the Government a party to that board, in ex officio positions, and the idea of the committee was sustained by referendum by the constituent bodies in that particular.

We then asked about a marine development company, with a view to the loan of money to help the merchants in this country to build the steamers necessary for our commerce, but we did not receive a two-thirds vote, and, therefore the chamber is not in any way committed to any such proposition, and have not advocated it since that time.

The CHAIRMAN. Did I understand that the chamber, by a two-thirds vote, decided against Government ownership and operation of vessels?

Mr. DOUGLAS. They decided that by a vote of 690 opposed, to 89 in favor.

The CHAIRMAN. And on the question of subsidies, how did they vote?

Mr. DOUGLAS. The question of subsidy was 713 in favor and 52 opposed.

Mr. CURRY. How did they vote on a Government loan?

Mr. DOUGLAS. On a Government loan, the vote was 416 in favor, and 314 opposed. Not being two-thirds, of course the chamber at once ceased any activity along those lines.

Mr. BYRNES. Did I understand you to say, too, that you had voted upon the question of whether or not a member of the Cabinet should be a member of this board ex officio?

Mr. DOUGLAS. That is in our report, and the recommendation is that we consider it would be wiser, in the judgment of the constituent bodies of the chamber—of course I am speaking entirely on the referendum, which was in favor of a nonpartisan board—not to have them on the board.

The committee then asked whether they would advise that the ocean mail law of 1891 should be amended, lowering the speed of the first-class steamers from 26 to 16 knots and the second-class steamers from 16 to 12 knots and allowing a board, if established, to grant such compensation as, in their judgment, would be desirable, so as to create these foreign lines, and the vote on that proposition was 692 in favor and 58 opposed. We favored the board having real direct authority to establish lines by subventions, but this question also was asked, because we thought it had a great bearing, as many gentlemen, we understood, both in Congress and, of course, many out of Congress, perhaps thought that the amendment of the 1891 act was a desirable thing to do; in fact at various times bills have been introduced to have that carried out, but I think they have always been defeated. The committee recommended—and in that particu-

lar I think we fully concur with Mr. Alexander's committee and you gentlemen—that legislation should be adopted with a view to the abolishment of deferred rebates, supervision of rates, and regulations for filing rates and agreements among oversea lines. There were 601 votes in favor, as against 130 opposed. I will call attention, however, to the fact that in our report and in the vote we used the word "supervision" as against "regulation." I do not know that there is any difference between those two words, but, judging from the popular impression, the one is rather more strong than the other, but perhaps "regulation" is required by reason of the law in any bill.

We believe that regulation should be adopted. We do not want drastic legislation that is going to interfere in any way with shipping measures or shipping companies or the proper regulation, by those who may run lines, of our shipping; but we do think that a board should have the same rights of supervision which, under the railroad system, is now working quite successfully in this country; that is, if shippers feel that they are in any way injured by the rates or by anything else which a company which is running regular lines, carries out as a policy, that they should have the right to go to the board and demand a fair and proper hearing.

We presume the board naturally also would grant a hearing to the shipping company and then, in their good judgment, they would decide as to who was justified and regulate the rate—and they should have the power to do so, of course—if, in their judgment, the rate were not what it should be. I want to make that distinct, simply because we did use the word "supervision," and I want to look out that I do not transgress in any way beyond my referendum, because, as I said, I have no authority to come here; so to that extent only do we differ, although personally I am inclined to think that the word "regulation" is a fair and proper word, because "supervision" might not give them enough authority.

The CHAIRMAN. The Interstate Commerce Commission was created a great many years ago, and it had the power of supervision, but it was only within the last decade that it was given the power to "regulate," and it is only within the last decade that they have had real power over the railroads in the matter of transportation rates. Now, if you will study this bill you will find that the power is vested in this board to regulate. It does not say that they shall do it, but that they shall supervise, and, whenever it is necessary, they shall have power to step in and compel the observance of reasonable regulations.

Mr. DOUGLAS. Personally, Judge, I take no exception to your position; but I felt that it was necessary, by reason of the referendum word, simply to make that clear.

The committee then took up the question of Federal license, and we asked the people their opinion, and the chambers of commerce throughout the country were in favor of having that as an established feature in any bill which might be passed; and I am pleased to say, because I am thoroughly in accord, that there were 610 votes in favor of that to 120 votes opposed, which is a decided and pronounced majority.

The question of regulation, as voted upon by us, covered lines which were run under the American flag to foreign lands, and also lines which would be run by foreign corporations. We made that a very em-

phatic statement and plain point, because I feel it would not be justifiable or right, nor do I assume for a moment, although I have endeavored to get enlightenment on that subject, but have not succeeded, as to what the present bill intends to do in that particular—I think that foreign lines need a license to be taken out far more than American lines do; that is, that you can not discriminate. If you are going to put a license on an American line—and I am in favor of doing so in a proper way, with proper regulations, which the board, of course, will have authority to promulgate—I feel that it would be almost a slap at American shipping if we did not include that, and also incorporate a license feature for all foreign vessels that run a regular line. I hold and contend this point: Where a foreign line comes here and establishes a home and becomes a regular part of our system of Government, where they are practically the same as ourselves and run regular lines, establishing their offices and practically making themselves a part of our shipping, even though they fly a foreign flag on their vessels, that in that case we are perfectly justified in feeling that the American public should have some justification and some rights, and that we should not be under the burden which we have been for 25 years and over of having to submit to a great many irregularities and a great many, you might say, persecutions which are not justified, by reason of the fact that those men are here enjoying our protection and enjoying the protection of the American flag, even though their vessels on the ocean do not fly the American flag.

The CHAIRMAN. I will say to the gentleman at this point that section 10 of this bill says that on and after January 1, 1917, no corporation, firm, or individual shall engage in the business of transporting passengers or property by water between the ports of the United States and not entirely within the limits of a single State, or between the United States and foreign countries, or between the United States and its territories and possessions, or between the territories and possessions of the United States without first obtaining a license so to do from the board hereby created. That section applies to foreign as well as domestic vessels; but if there is any question about it, we would amend it by saying that on and after January 1, 1917, no corporation, firm, or individual, domestic or foreign—because it is intended to apply to foreign vessels as well as to American vessels.

Mr. DOUGLAS. I do not question, Judge, that that was your intention; but I felt, in view of the fact that I asked you that question by letter twice, we had better emphasize it and make quite certain that that was your intention under the bill, so there could not be any doubt on that point.

Mr. BYRNES. Could you make the language any clearer than that?

Mr. DOUGLAS. I think I could. I think it should say that all corporations owned and operated by United States citizens or corporations, and all lines operated by foreign agencies, or where the line was owned by foreigners, should equally become a party to the license.

Mr. BYRNES. Do you think that would be any stronger than this language, which says that no boat shall clear for a foreign port—

Mr. DOUGLAS. I think you should always state just what you mean.

The CHAIRMAN. There is no question about that. We will make that plain, because we agree thoroughly.

Mr. DOUGLAS. I am glad to hear you say so. The question has been raised as to these licenses on the point of whether a tramp steamer coming here from any port of the world, with no intention to enjoy our hospitality for more than, perhaps, a few days, within which to discharge her cargo, and, perhaps, take on other cargo here or go away in ballast, was subject to this license, and I have not known how to answer that question. I have stated that, in my opinion, you did not intend that a tramp steamer, merely coming here in that way, that might not be here again for many years, was to take out a license.

The CHAIRMAN. Of course, one benefit that will come from these hearings will be to bring out all these exceptional cases, because in drafting a bill it is not always possible to have everything in mind that we might have.

Mr. DOUGLAS. I wanted to bring that out, because there is a wide distinction between the two, and I hope the committee will kindly give that consideration.

The CHAIRMAN. Yes; I think that is worthy of consideration.

Mr. DOUGLAS. Those are the main features, and I am glad to be able to say that while we do not accord entirely with the learned gentlemen around this board with reference to these matters, yet to quite a considerable extent we feel that we are in sympathy with them in our report. The main thing in which we are not in sympathy, of course, is the question of how we are going to establish these lines and how we are going to put the American commerce on the ocean. We are all liable to mistake, and we all get hobbies, and naturally we enjoy the privilege of speaking for our hobby; and the hobby of the chamber of commerce, I might say, seems to be clearly that it is a cheaper, more expedient, and an easier way to accomplish the putting on of these lines by a direct subvention, or by amending the law of 1891, than it is to endeavor to start those lines in the way that you gentlemen propose. We all realize that whether we start these lines or do not start these lines to foreign countries, there must be, besides that, a large amount of commerce which can not go on those lines and for which it is necessary to provide accommodation, if we are going to take the standard of commercial world power, which we all hope we will, and I hope the board intend in this bill which they finally may pass to consider that thing very carefully, because the bill does not cover that point under any possibility of conception.

Now, let us see what we would secure under this bill. The entire amount of money provided for in the bill is \$50,000,000; that is all that is appropriated. It is, of course, in doubt, but so far as our judgment would go, as a committee we did not feel that under that bill you could secure more than perhaps 60 vessels of the right type, standard, and size to go on, you might say, deep-sea business. To-day we have only about 1,700,000 or 1,500,000 gross tons of shipping engaged in the deep-sea business, and of that shipping there is a very considerable portion which pertains entirely and solely, you might say, to special instrumentalities of transportation—vessels which are built for a specific purpose, and which, of course, are used for that purpose, but they do not go under berth and do not carry general cargo, and, consequently, are of very little use except to those who build them for special purposes. We might refer, for example, to a tank steamer built and owned by the Standard Oil

Co. This country needs to-day, undoubtedly, for any kind of reasonable protection at least eight to ten million gross tons of shipping, and I understand, as does perhaps everybody here, that we can not acquire that shipping except by, you might say, a gradual process covering a number of years, and that to-day, under the war conditions which exist, our yards are full of work and the yards abroad are full of work, and we are unable, by reason of the restrictions put upon it by foreign countries, to buy vessels abroad. These are very, very serious problems, and I sincerely hope the committee—because I do not believe the public will condemn any action of this committee; in fact, I think they will uphold it most heartily—will give any man in this country, no matter what part he may live in, who desires to acquire a few ships of his own an opportunity to have them built, so that he can overcome, in some measure, the difference in cost of operation of the American ship under our laws—and I understand and realize that we can not change all our laws to meet the ideas of the whole public; there always will be that difference in cost, by reason of the difference between our system and European systems, but I want to appeal to this committee most urgently to give that feature careful thought. I believe that you should give the board something to do, something to work on for the benefit of this country, and say to them, practically, “We will allow any man who will come to the board, and who wishes to build a ship for the good of American commerce, if he will present his plans, and if he will build his ship along lines which will commend the board’s approval, which will be useful for commercial purposes and useful in case of war or for any other requirement of the Government—we will meet him fairly, if he will meet our views as to his ship, and we will pay him in some way.” Now, I do not care in what way, and I do not think the public cares. This idea that the public is especially entitled to any one judgment on this subject is erroneous, and I do not think they themselves care particularly about the method, but give the board authority to pay for those differences. You might start in and say that the payment should not be more than a million dollars a year for the first year, and it might reach a maximum, and if you did that, you would get, in my opinion, in five or six years four million or five million tons of shipping, and I do not believe it would cost this Government, if you put a maximum on it, say, more than five million dollars in putting those four or five million gross tons on the water under the American flag.

Mr. LOUD. In any one year?

Mr. DOUGLAS. Yes; in any one year, and you would not reach the maximum for six or seven years. I do not believe that the public of the United States would for one moment dream of criticizing Congress under a provision of that kind. It is absolutely essential. You will never get the ships, except by waiting many years, unless you do something of that kind.

The CHAIRMAN. Have you ever made an estimate of how many ships we could get by paying an annual subvention or subsidy of \$5,000,000?

Mr. DOUGLAS. Yes, sir; I did. About 10 years ago I went into it very thoroughly, very deeply, and paid, myself, some of the best experts in the East to look that thing up, and to talk it over with me, and I found at that time—of course, things are entirely changed—

gentlemen, and you can not do it to-day, and I recognize that—but I found that about between four and five millions of dollars at that time—10 years ago, say—would have given us at least eight lines to foreign countries, and it would have enabled us to have increased those lines as time went on, and I figured at that time that we would have had about, say, at the end of 10 years, under the \$5,000,000 appropriation, which would have run 10 years—that would have been \$50,000,000, it is true—but I think we would have at least two or three hundred steamers. Of course, those estimates were based on conditions which existed then, which were, of course, a lower cost of building and everything favorable to purchases and operation. That is as far as I can answer the question, but, of course, what I am advocating now is entirely different, because I understnad the lines will be established in a different way.

I want to touch upon just one or two points, if I am not taking up too much time, Mr. Alexander, in connection with the present bill, because it is a very serious question.

The first point I would like to bring up is your section where you state that it is the intention to build, lease, or buy here or elsewhere these vessels with a view to leasing them to American citizens or corporations. I was disappointed, and I think many others were, that the very pronounced and very admirable statements of the Secretary of the Treasury did not come into play in that bill a little more on that feature. I believe he is present, and I hope I am not quoting him wrong when I say he is thoroughly in accord with the desire of having lines established as quickly as possible, and this because there is an inference on the part of the public that it is a little sidetracked. I think that the bill should say distinctly that the first intent and purpose of the building of these boats, if they are built, means the establishment of these lines, and then make it plain that that language "with a view to" means that those lines are to be first established under private ownership, if it be feasible to do it.

I understand that the intent of the gentlemen present here in this committee is the same as I am urging, but if you will just make that plain to the public, your ways will be greased; they will have more sympathy with the bill than if you do not make it plain. There is not a man in this country who does not say that he wants lines to South America and to Africa and to Australia, and in every other direction where the commerce of the United States can be benefited; and I hope that will be made clear, because the people have the idea that it will not do that.

The CHAIRMAN. You mean, to pay for the establishment of certain lines?

Mr. DOUGLAS. That would be the prime object, for this reason, Judge: Fifty millions of dollars will not establish those lines, because the vessels built by that \$50,000,000 will probably be entirely taken up in the establishment of those lines, so you must look at it as a cold fact that you will not have any more ships after those lines are established, if they are established, to lease or to sell to individuals, nor will you ever have, because you have a coastwise provision as well in this bill, which I did not mention, and I have no authority to speak about. Our committee did not take up the coastwise business, but that is a most important and a most necessary feature.

The CHAIRMAN. You will note that this bill provides that if these ships are built in an American shipyard, they may be used in coastwise as well as in foreign trade.

Mr. DOUGLAS. That is quite proper.

The CHAIRMAN. We are not willing to commit ourselves to a proposition that a ship built in an American shipyard should not be used in coastwise as well as in foreign trade.

Mr. DOUGLAS. I do not see how you could. That is altogether proper. If a man builds a ship here, he has the right to use it in the coastwise trade, beyond question, in my judgment.

Mr. CURRY. Even though she is assisted by the Government?

Mr. DOUGLAS. I do not think it makes the slightest difference whether she is assisted or whether she is not. That is for the judgment of the committee. I can only express myself personally on this proposition; I consider and I understand that some of my committee, perhaps, and others differ with me on that question, but I am very glad you asked that question, because I can express myself personally, and personally I do not think it is essential, if she is built in an American shipyard, to give her that difference of cost when she is engaged in deep-sea business, and if I were framing a bill, I would distinctly state in the bill if she were engaged in deep-sea business for a continuous service of, say, not less than six months at one time, that, in the discretion of the board, they might have authority to give or grant some compensation, but I do not think for a moment that it would be fair or proper to give that grant if she were engaged in the coastwise trade.

The CHAIRMAN. It would be an anomaly if one of these ships built in an American shipyard and chartered or leased by this board to a private individual or a corporation, and trading from New York to Japan or China, might not carry passengers or freight from New York to San Francisco, and then proceed on her journey to the Far East. I say that would be an anomaly to say they should not do that. Of course, I assume the purpose of this bill is that these vessels should, primarily, be used in foreign trade.

Mr. DOUGLAS. Yes, sir.

The CHAIRMAN. But, as one link in her trip, they might trade from coast to coast, because this is a great empire itself.

Mr. DOUGLAS. You mean, and also carry a cargo that was going farther on?

The CHAIRMAN. Yes; or carry a cargo from New York to San Francisco and then a cargo from San Francisco to the Far East.

Mr. DOUGLAS. Part of the cargo, you mean?

The CHAIRMAN. Yes.

Mr. DOUGLAS. Of course, if she had no cargo after she left San Francisco she would, of course, start a new voyage.

The CHAIRMAN. Oh, yes.

Mr. DOUGLAS. I think that is understood by the committee, and I am entirely in sympathy with the proposition that a vessel should be permitted to go from New York to San Francisco and discharge 50 per cent of her cargo at San Francisco, and she should be eliminated from payment for any part of that cargo. That would be perfectly proper. Naturally we are not going to pay them a subsidy for running on the coast. That would be all wrong.

The CHAIRMAN. We would not pay any ship subsidy for engaging in the coastwise trade; that is dead sure.

Mr. CURRY. An American-built vessel could go from Liverpool to San Francisco by way of New York, unload part of her cargo at New York and take on some cargo at New York for San Francisco and then load again at San Francisco back to Liverpool.

Mr. DOUGLAS. I think it would be unfair to the rest of the shipping for her to do that and receive full remuneration in subsidy.

The CHAIRMAN. I am not talking about subsidy at all. I was speaking about an American-built ship. This bill provides that if a ship is built at an American shipyard she may be used in the coastwise trade.

Mr. DOUGLAS. Yes; and you can not stop her.

The CHAIRMAN. I do not think there is any reason why it should be done.

Mr. DOUGLAS. No. They should be subsidized only for particular trade.

Mr. GREENE. In your experience in the shipping trade and in your knowledge of general business throughout the country have you found, to a large extent, any opposition to the use of subsidy or the use of the word "subsidy" in relation to building up an American merchant marine?

Mr. DOUGLAS. I can best answer that question by stating, if the gentleman has heard what I have just said as to the viewpoint of others throughout the country on that subject, he will recall that I said they overwhelmingly feel perfectly agreeable to take subventions or subsidies, if Congress is willing to grant it.

Mr. GREENE. The experience I have had here during the years I have been in Congress is that, in reality, there is no real opposition to the use of the word "subsidy" or to subsidy itself, except on the part of some Members of Congress who represent dry districts, where vessels never go and can not exist; they think that subsidy is a horrible thing.

Mr. DOUGLAS. I can best answer that, Mr. Greene, by stating this: You can meet 10 men in the street and you can indulge in a controversy—because it is always a controversial question, as we know—with all those 10 men, and after you have discussed it with them and talked about it a long time, you may finally say, "You are in favor of having the American flag on the ocean, are you not?" and every one of those 10 men—I do not care what section they are from—will say, "Yes; I am." Then if you say, "Gentlemen, do you care how the flag goes on the ocean? Are you wedded to this special way you have told me about?" And they will say, "No; I do not care how; I want the American flag on the ocean, and I will indorse anything that Congress does to put it there." That is the sentiment, and I am that way, too; I do not care anything about it. If you will provide the way, I will indorse your scheme; I do not care whether it is subsidy or what not.

Mr. SAUNDERS. Are you about through with your remarks, Mr. Douglas?

Mr. DOUGLAS. Practically through.

Mr. SAUNDERS. The reason I ask is because I want to ask you a number of questions, and to get some information, but I do not want to interrupt you if you are not through.

Mr. DOUGLAS. I will be through shortly. I hope it will be fair to call attention to the fact that we hope that the bill will make prominent the question of the commercial needs of the country. We are all thoroughly in sympathy with the naval requirements, too, but do not think the naval requirements should be put ahead of the commercial requirements. The Secretary of the Treasury, by courtesy for which we thank him, was agreeable to have us incorporate in our fourth annual report this question, the addendum in relation to what the Secretary of the Navy desired in the way of boats to be built to meet the Navy requirements, and I think if you gentlemen will carefully analyze that statement, if it is intended to build on that line I am afraid we would run against a good many snags, and that we would not get quite the commercial vessels that we require.

Mr. HARDY. Ninety per cent or more of the people want an American merchant marine, and do not care how they get it. Nevertheless does not your chamber of commerce, in the presentation you are making now, tend to upset the obtaining of that merchant marine by the means proposed in this bill, and to hold us down to the one idea of obtaining it by subsidy only? If your people can not get it in any other way than through this bill, will they obstruct it and filibuster it to death?

Mr. DOUGLAS. Mr. Hardy, I would like to answer that question but it would involve a big argument. I shall not control Congress. Unfortunately I am a Republican, I regret to say; I would, perhaps rather be a Democrat under this administration.

Mr. HARDY. Would you favor beating this bill, rather than to accept it in its present form?

Mr. DOUGLAS. I will answer you right straight: Personally, if you stick to stubbornness, I think we should, but if you yield to the hand of good-fellowship—and understand, now, I am talking personally I am not talking for the chamber of commerce or for anybody else, I am only talking for myself—if you will extend the hand of sympathy and good-fellowship to the American people in your bill, and if you will incorporate in it those reasonable and proper changes, I believe the public will be with you.

Mr. HARDY. In other words, if we will go your way, you will be with us, but you will not go our way?

Mr. DOUGLAS. No; but there is give and take in good-fellowship and we are willing—I am not speaking for the public, only myself personally—I believe that the great obstacle and the serious obstacle with your bill to-day is the fact that you do not come out definitely and positively and say that you intend to spend this \$50,000,000 for the benefit of the country, and also that you are not for Government operation.

Mr. HARDY. Then, you are very definite in your position, unless it goes your way?

Mr. DOUGLAS. Oh, no, Mr. Hardy; not any more my way than your way. There are two ways you could go.

Mr. HARDY. And if we should propose to put the American merchant marine on the sea in our way, will you help us?

Mr. DOUGLAS. I am sorry to say I can not give you much help, but I will throw out a suggestion for your consideration.

Mr. HARDY. You would compromise, your way?

Mr. DOUGLAS. Yes; I want a compromise, because by compromise is the only way we will get into this good-fellowship that I hope we will get into. You can do but one thing to meet the views of the American public on this question, and the American public beyond any doubt, is against you, Mr. Hardy, on that proposition—absolutely.

The CHAIRMAN. On what proposition?

Mr. DOUGLAS. On the proposition of permanent Government operation. Now, why do you not do this: Why do you not say, "We will take you into our confidence." Why do you not incorporate in the bill a provision that the Government, if it is forced to have operation, will limit that operation to a reasonable number of years after the war, and take the sting out of your bill, because what is the use of having Government operation with \$50,000,000? It is a farce on the face of it, Mr. Hardy, because what are you going to do when you get your 60 steamers with your \$50,000,000? Are you going to go to Congress next year and say, "We made a mistake; the United States does not want 100 vessels; they want 1,000 vessels," and ask them for \$100,000,000 more? You will not get it.

The CHAIRMAN. If we should put in a limit of, say, five years, would the Chamber of Commerce of the United States get behind this bill?

Mr. DOUGLAS. I can only answer that by saying that, so far as I am personally concerned, I would hope they would try to meet you on fair grounds, but understand, as I said when I came here this morning, I could not get hold of Mr. Fay, or anybody else; therefore I can only speak for the Chamber of Commerce on the referendum and reports; but, personally, I do not think I would do much kicking.

The CHAIRMAN. There is one thing I am disposed to resent, and that is the implication that you are speaking for the American people.

Mr. DOUGLAS. So far as the referendum goes, yes.

The CHAIRMAN. I question that very seriously. Who were the members of the subcommittee, of which you were chairman, that framed this report?

Mr. DOUGLAS. The last report or the present report?

The CHAIRMAN. The present report.

Mr. DOUGLAS. They are here in the book, and I will leave it with you, Mr. Alexander.

The CHAIRMAN. Who are some of them?

Mr. DOUGLAS. I will read them off, if you wish.

The CHAIRMAN. Yes.

Mr. DOUGLAS. Paul C. Bates, of Portland, Oreg.

The CHAIRMAN. Who is he?

Mr. DOUGLAS. I could not say exactly who he is, without referring to my letters.

The CHAIRMAN. What is his position as to the steamship lines and the railroads?

Mr. DOUGLAS. He has taken a great deal of interest in it, I understand, and he has also taken an interest in the referendum in that part of the country in which he lives. He sent me a very large

number of letters, which he told me to file with the chamber of commerce, which he had had from 50 or 60 other chambers of commerce or other parties in Portland.

The CHAIRMAN. I spent a month in Portland last summer, and it was my privilege to meet many of the members of the chamber of commerce and of its different subcommittees, and I have a notion of the influence that dictated the report of that chamber, and I told the subcommittee to be sure, when that was written, that some railroad man's hand was not over their shoulder, directing their opinion. I said that to the subcommittee. I just felt that influence was so predominating that I said that to them—but do you know Mr. Bates?

Mr. DOUGLAS. I do, but I do not remember what company he is associated with, now, Mr. Chairman, from memory.

The CHAIRMAN. He is connected with a steamship line, is he not?

Mr. DOUGLAS. I do not know; really, I am not sure; not to my knowledge; it is not on his letterhead.

The CHAIRMAN. Are these reports by the subcommittee referred to the members of the chambers of commerce, and does each member of the chamber of commerce express his opinion? Just give us the *modus operandi* by which you ascertain the sentiments of the chambers of commerce.

Mr. DOUGLAS. I thought the judge was pretty well advised about that without needing any explanation from me.

We appoint a committee; that committee, presumably, study the subject and get what information and advice and judgment they can on the matter. If it is deemed proper to make a report and the president of the chamber desires us to do so, that committee makes a report. That report then goes to the board of directors of the chamber and they O. K. it or make changes in it. You will note we have a little memorandum here in our present report, by which we state certain men that we could not get on the committee, could not get hold of them in time, and we state that since the report was submitted there were certain suggestions made. That report, I want to say, in the amended form, was handed to me not one minute before I went to the platform to present it. I knew, of course, its contents, but it had to be reprinted with those things added. Then, after that is done, if there is anything in the report which justifies our going to a referendum, why, of course, we go to referendum, and then we get an expression, and the committee itself and the board of directors never take any action, as you know, Judge, on any question, until they have the authority by a referendum confirmed by two-thirds of that vote, before they feel justified in making any expression whatever.

The CHAIRMAN. That is a two-thirds vote of the chambers of commerce, is it not?

Mr. DOUGLAS. No; it is two-thirds vote of the constituent bodies. There are between six and seven hundred of them to-day scattered all over this country and some in foreign lands.

The CHAIRMAN. What I want to know is how do you get the sentiment of the individual members of the chambers of commerce. For instance, in Portland—I suppose you all have the same rules—how did the Chamber of Commerce in Portland get the sentiments of the membership of the Chamber of Commerce of Portland with reference to this legislation?

Mr. DOUGLAS. Of course that depends on the rules of the various bodies. It does not matter whether they are chambers of commerce or other commercial organizations, because they are not all chambers of commerce—these constituent bodies.

The CHAIRMAN. The Chamber of Commerce of Portland is one of your constituent bodies?

Mr. DOUGLAS. Oh, yes. As to how the Chamber of Commerce of Portland took that referendum and what way they acted on it, I have no knowledge.

The CHAIRMAN. Individual members of that chamber of commerce told me that, so far as they have knowledge, the question was never submitted to the membership of the chamber.

Mr. DOUGLAS. That I do not know, Judge.

The CHAIRMAN. Hence, I say it is questionable whether or not, if that is the method, those reports of the chambers of commerce reflect the sentiment of the individual members of the chamber.

Mr. DOUGLAS. I can only say on that question that I am willing to go with you, leaving out a small section of the South, to any chamber of commerce in the United States to which you want to go with me, and let us see whether the sentiment in that chamber of commerce agrees with me or with you. I will be willing to take the chance.

The CHAIRMAN. I just want to find out how you ascertain the sentiment of the individual members.

Mr. DOUGLAS. I can not say. In New York they have, for instance, ascertained it in a lot of different ways, so it is an impossibility to answer the question frankly.

Mr. EDMONDS. On page 19 you have a statement here which says that on May 8 nine questions were placed before the members of the chamber separated on two ballots accordingly as the questions were based primarily upon issues raised by the report of the special committee or were added by the board of directors of the chamber. Under the by-laws of the chamber the voting closed at midnight on June 22, when 282 organizations had filed ballots. These organizations are situated in 39 States, the District of Columbia, Alaska, Hawaii, the Philippines, Porto Rico, and Paris, France. In the balloting each organization casts as many votes as it may have delegates at an annual meeting of the chamber. Was that done?

Mr. DOUGLAS. Yes.

Mr. EDMONDS. That is the way you got your vote?

Mr. DOUGLAS. Yes.

Mr. EDMONDS. Does not that answer the chairman's question, then?

Mr. DOUGLAS. It does, except that the chairman is perfectly right, I think, in making his point. I can not say to him how any individual constituent body reached the result.

Mr. EDMONDS. But that is the general rule of your chamber?

Mr. DOUGLAS. Yes.

Mr. EDMONDS. And that is the way it should be done?

Mr. DOUGLAS. Yes. I find out that Mr. Bates—I have a letter from him in my pocket—his name is Paul C. Bates, Portland, Oreg., and he is a member of the firm of McCargar, Bates & Lively, and the heading—I am taking it from the heading—it is down as "General insurance agents."

Mr. GREENE. You are going to give the remainder of the names on that committee?

Mr. DOUGLAS. If the committee wishes it.

The CHAIRMAN. They are in the report?

Mr. DOUGLAS. Yes.

Mr. GREENE. I would like to ask Mr. Douglas this question: In case of any lines being leased under this bill for the foreign trade do you think it would be a fair proposition—assuming, as I do, that if they are leased in the foreign trade they will be leased at a low figure, in order to compete with foreign-built vessels, running under foreign regulations—would it be a fair proposition for those leased lines to be admitted in competition with the coastwise trade?

Mr. DOUGLAS. I do not understand that there is a special desire to do so, under the bill, unless there is that one provision of the bill which gives them authority to do that.

Mr. GREENE. Yes.

Mr. DOUGLAS. That is a great question, because it depends upon to whom you lease them. You may lease them to people who are already in the coastwise trade.

Mr. GREENE. Yes.

Mr. DOUGLAS. Of course, if they get one or two or more of those steamers, I presume they are benefiting to some extent, and I suppose citizens of the United States will have to take a chance on that proposition; but I say if you start your lines, there will be no vessel to lease. That is all there is to it.

The CHAIRMAN. Is it true or not that the expression of the opinion of the constituent members of the Chamber of Commerce of the United States is not made through the board of directors or through their executive committees?

Mr. DOUGLAS. The board of directors here or of the constituent bodies?

The CHAIRMAN. Of the constituent bodies.

Mr. DOUGLAS. Judge, I have answered that three times already. I do not know the by-laws of these six or seven hundred constituent bodies. I presume each one of those bodies acts in accordance with its by-laws. Whether or not they have authority to pass judgment on it, I do not know, but I hope they are men of ordinary intelligence, and I hardly think they would fly in the face of the membership of their body and put in a report that was not indorsed by the average membership of that body. It seems to me they would not do that.

The CHAIRMAN. I simply wanted to know the *modus operandi*.

Mr. DOUGLAS. Mr. Goodwin, the secretary, might be able to enlighten you very much better than I could on that subject, because he gets the reports.

The CHAIRMAN. You say that under the by-laws of the chamber the voting closed at midnight on June 22, when 282 organizations had filed ballots, and that these organizations are situated in 3 States, the District of Columbia, Alaska, Hawaii, the Philippines, Porto Rico, and Paris, France.

Mr. DOUGLAS. Yes.

The CHAIRMAN. How many are there, all told?

Mr. DOUGLAS. Between six and seven hundred to-day.

The CHAIRMAN. Then, less than one-half of them had filed ballots.

Mr. DOUGLAS. Yes; that is true. There is one other point I would like to bring up, and then I do not know I will have anything more to say, unless there are some questions.

The supervision of firms is quite prominent in the bill. There seems to be a good deal of opposition to that, Judge. Our chambers of commerce have not passed on it at all, but I hope the committee will think that over very carefully, so that the supervision or regulation of firms will be so that they will not interfere too much with corporations. Some people called my attention to the fact—in fact, quite a few during the present convention—that they were a little afraid of too close looking into their private affairs, so that I only mention that as a point which people bring up.

The CHAIRMAN. I do not think we have that in mind at all—that is, undue interference with people's private affairs.

Mr. DOUGLAS. The only other provision I want to bring up is that we make no suggestion in regard to the question of that very important feature of the bill dealing with through bills of lading, because we felt that we did not have enough information or enough views of the public to really warrant our going into that very fully. I dare say Secretary Redfield, however, will tell the committee about that, because he knows what is in the minds of the Government, and we were not quite sure, and we felt, therefore, we should be a little careful and simply say it should be thoroughly looked into, because I understand, if I am right, you confine that to American ships; that is, those through bills of lading would not be given where they would go on other alien ships.

The CHAIRMAN. No.

Mr. DOUGLAS. Of course, that is an important provision.

The CHAIRMAN. Yes.

Mr. DOUGLAS. Because the number of American ships, for a long time, will not be nearly sufficient to carry a large quantity of freight which will endeavor to secure those preferentials, and we certainly do not want great big corporations in this country to monopolize room. Every statement we have endeavored to make has been along the lines of giving the small man protection; that is, we want the small manufacturers and the small merchants throughout the country to have the same rights and privileges which the larger corporations of the United States may have.

The CHAIRMAN. I think it is the intention that these preferential rates may be given not simply to those ships leased or chartered from the Government, but to all ships, whether domestic or foreign, to facilitate the extension of our foreign commerce.

Mr. DOUGLAS. If they fly the American flag.

The CHAIRMAN. Yes.

Mr. DOUGLAS. I just wanted to know that, because a great many people have asked us what we thought about it.

The CHAIRMAN. I am glad you called attention to it, because we want that perfectly clear.

Mr. DOUGLAS. I will be glad to answer any questions, Judge.

Mr. SAUNDERS. There is a great deal of tonnage to-day engaged in deep-sea traffic. That shipping is owned by foreign capital that either had their ships constructed or bought them already constructed, and put them into this trade. There is plenty of private capital in the United States just now—I imagine more than anywhere else in the world; that capital is just as willing to make money in dividends on that deep-sea trade as in any other direction. Tell me why it is that American private capital to-day, under our present

laws, can not buy ships or have them constructed, put them on the high seas, and get the profit in competition with their foreign competitors; and, if they can not do it, just what are the obstructions now that hinder them from doing it?

Mr. DOUGLAS. The gentleman knows probably that question as well as I do. He knows that there are certain laws——

Mr. SAUNDERS (interposing). I just wanted to bring that out, and put it in the record. What are the laws?

Mr. DOUGLAS. They are a hardship, and then, when you come to regular lines, you must recognize the fact that the ocean is not any longer what we used to think it was—a great big body of water where every man could sail his ship; of course, if it is a pleasure ship, he can; but we are new to this business, in a sense, as against the older European nations, and when you come to lay out routes and lay out service in this country, they are past masters in that; they know just what they are going to do; they know where their cargoes are coming from; they know the port they are going to, and they know they will get a cargo from that port also. For instance, if we grant under this bill the right to corporations to run these vessels, and you run them to South America, you are not going to be able to compete, to save your soul, with foreign lines, nor will anybody else. The man who lives in London or Liverpool, who runs a regular line from New York, he sends her over with such cargo as he can get, and he puts her on berth for South America. He knows he will get a full and remunerative cargo and make money there. He then sends her to Buenos Aires, where he knows he can make money. For 40 or 50 or 60 years, perhaps, they have been interested in the South American trade. He knows the hide business, the coffee business, the grain business, and, therefore, before his ship ever leaves Liverpool, a cable goes over, and there is a cargo prepared for that ship, and then she can come back in the other direction with a cargo of frozen meat, or something of the kind. He knows the business, and he knows how to get it. He then goes to that other port, and there he gets a cargo; he gets a full cargo everywhere he goes, and then she makes the rounds again; but what will we do? You ask me about starting a line. Unless the proposition is backed up by proper Government payments, you might say, of some character, we have got to learn these things and do what the other people have done; we have got to go out there and find that there is no cargo there for us; the chances are nine out of ten we will, and it will cost us dearly for that experience. That is the condition of the business, and the Government must meet that condition.

Mr. SAUNDERS. So far as you have gone, there is no difficulty in the conditions, except those that arise from the fact that our competitors have been longer at the business than we have been. You have not stated anything else, so far, except that.

Mr. DOUGLAS. I am talking of navigation laws, seamen's wages, etc.

Mr. SAUNDERS. But you have not brought up those things yet. All you have mentioned are the superior advantages that our competitors have.

Mr. DOUGLAS. The gentleman knows them as well as I do; he does not have to write them into the record.

Mr. SAUNDERS. I want them put into the record for the purpose of use in the work on this bill. I want, in a concrete way, put into the record whatever obstructions there are, if any, which would prevent

an American capitalist from building a ship or buying a ship and putting it into the deep-sea trade, and making money on it?

Mr. DOUGLAS. To answer that, it would take me an hour and a half, and you have not the time to give me. I will be glad to send you some papers on that subject. If you will only review ancient history, you will have all the information you want on that subject.

Mr. SAUNDERS. We will give you all the time you want.

Mr. DOUGLAS. I will mention first the navigation laws.

Mr. SAUNDERS. What are the navigation laws that obstruct such an enterprise as I have mentioned?

Mr. DOUGLAS. I do not think you want to get down to the details of navigation laws. There is the inspection, the question of registration of ships. For instance, an American ship going through the canal to-day is at a disadvantage as against foreign ships. Why? Because she has less registry. You know it and I know it.

Mr. SAUNDERS. An American ship that is a deep-sea ship, operated by American capital, going through the canal, from a money point of view as a result of registration, would be at a disadvantage with a foreign competitor?

Mr. DOUGLAS. I understand so.

Mr. SAUNDERS. Is that due to our legislation?

Mr. DOUGLAS. Yes, the registry bill.

Mr. SAUNDERS. Then that is a matter which we can change?

Mr. DOUGLAS. Certainly.

Mr. SAUNDERS. So as to relieve that handicap?

Mr. DOUGLAS. Undoubtedly.

Mr. SAUNDERS. What is the next obstacle?

Mr. DOUGLAS. The question of wages is another difficulty.

Mr. SAUNDERS. How much would that amount to?

Mr. DOUGLAS. That has been estimated by much more able men than I am. It runs all the way from 1 per cent to 100 per cent. You can take your choice.

Mr. SAUNDERS. I will put it this way: What would be the average tonnage—you spoke of the number of ships this \$50,000,000 would buy, and I suppose that is about correct. What would be the average tonnage of those ships?

Mr. DOUGLAS. In my judgment, I would not make one of those ships less than 8,000 or 10,000 tons if I were building them.

The CHAIRMAN. You mean gross tons?

Mr. DOUGLAS. Yes; but I would not make any of those ships less than 6,000 to 8,000 tons dead weight capacity.

Mr. SAUNDERS. A great many of the ships operated by foreign capital are operated as tramp ships, and a great deal of the traffic of the world is handled by tramp ships?

Mr. DOUGLAS. Oh, undoubtedly; yes.

Mr. SAUNDERS. Take one of these ships, operating as a tramp, and owned by American capital. The first handicap that she would suffer, as I understand from you, in competing with a foreign tramp, would be this question of registration at the canal?

Mr. DOUGLAS. That might be.

Mr. SAUNDERS. And the next would be the matter of wages. In the course of a year, suggesting now that that tramp would ply between the ports that a foreign competitor, British or otherwise, would ply between, what would be the difference in the operating

cost of the American tramp as compared with the foreign tramp, just approximately?

Mr. DOUGLAS. Those are technical questions which are very difficult for a man who has never run ships to state. There are men in this room very much better qualified than myself to give you that information, and they are going on the stand, I believe, to be interrogated.

Mr. SAUNDERS. Well, if you are not equipped to answer the question I will not press it.

Mr. DOUGLAS. I have studied that question to some extent.

Mr. SAUNDERS. There is the question of wages that American capital undertaking to run a ship would run up against?

Mr. DOUGLAS. Yes.

The CHAIRMAN. We have no law regulating wages in American ports, have we?

Mr. DOUGLAS. Not to my knowledge.

The CHAIRMAN. So, there is no law to be removed to remedy that condition?

Mr. DOUGLAS. No; but the fact remains, Judge, that the American wages are higher than the wages of any other country in the world, and when you compare them with the Jap wages or the Norwegian wages, it would make a very heavy difference in the cost of operation.

Mr. SAUNDERS. I am not gainsaying that, but I just want to develop the fact and the extent of it. What is the next handicap, number three?

Mr. DOUGLAS. There is the general impression—it has been contradicted by some—that the space allowed is better or larger for American seamen, and the food they receive in some cases unquestionably is very much more.

Mr. HARDY. You know that the space allowed is not less?

Mr. DOUGLAS. I do not know whether it is or not.

Mr. HARDY. Do you not know the law on that? Do you know that up to the passage of the seaman's bill, 72 cubic feet was allowed on American vessels, and 120 feet on English vessels?

Mr. DOUGLAS. I do not know; but I do not assume that is of great importance, the question of a little space one way or another.

The CHAIRMAN. In the seaman's bill, as it was reported, we provided for increase of crew space from 72 to 100 feet. Afterwards we read the report of the Commissioner of Navigation, in which he called attention to the fact that on foreign vessels the crew space is 120 feet, and we thought we would at least make the crew space on American ships equal to that on foreign ships; hence, this contention that that might be a handicap was entirely exploded, because our laws were not so liberal as foreign laws, and so far as the food is concerned, that is all moonshine, because, under our navigation laws, while we have a very elaborate menu set out, it is expressly provided that the captain and the crew may agree on it, and they have not paid any attention to the law.

Mr. DOUGLAS. Notwithstanding all that, which sounds very well, I do not believe it.

The CHAIRMAN. It is true, nevertheless.

Mr. DOUGLAS. I will take the Pacific Ocean, and if I can have all Japs or all Chinese, practically, and only a few men to man her, I

you are trying to produce the results with American seamen, and I will walk away with the money.

AIRMAN. I am speaking with reference particularly to the I will agree there is a peculiar situation on the Pacific.

ARDY. Is there not a law requiring American seamen on ships?

DOUGLAS. There is a law requiring a language test.

ARDY. That was not there, even, until last year?

DOUGLAS. Mr. Rhett, of South Carolina, is chairman of that committee, and I do not want to go into the seaman's bill, because I have no authority to discuss it in any way whatever.

ARDY. Even with the language test, did you know that the Chinese with a Chinese crew passed that language test?

DOUGLAS. I believe, by the kindness and the indulgence of the committee, they did.

ARDY. Do you know that Mr. Schwerin's testimony here was that Chinese crews did understand the orders of the officers? Is that his testimony before this committee?

DOUGLAS. He is a very great enthusiast and advocate of his legislation, but I think, as I say, that is a little outside of my sphere, to discuss the seaman's act.

ARDY. You at least know that if that law does interfere it has interfered until last year, when it was passed?

DOUGLAS. I admit that. Everybody must.

ARDY. You say it is bad laws that have prevented our merchant marine. We want you to point out or to put your finger on a specific law. After Judge Saunders gets through I want to go on to it.

SAUNDERS. Those are three handicaps that hinder American ships from being disposed to make this venture. What is the fourth that you have in mind, if you remember?

DOUGLAS. You will remember that it is only recently, as the committee says, that there have been some other laws passed. You did not allow American citizens to build abroad, and you took a limitation of five years.

SAUNDERS. Yes.

DOUGLAS. But since that law was passed there has been no change in the industry, by reason of the war coming on, for any availing of that law.

SAUNDERS. I know; but previous to that?

DOUGLAS. We will have to wait to see whether it will develop when the war is over.

SAUNDERS. That is not in the way, at any rate.

DOUGLAS. No; but that is a question of cost. Again, there is a controversy—you have five years' limitation to build your ship. It has always been believed and still believe that we have not been able to build in this country within 40 to 50 per cent of the cost of a ship built by a European builder.

SAUNDERS. But that can not possibly be any difficulty in the way for this reason, because if we can buy cheaper abroad than at home we can do it, and if it is more expensive, there is no reason to object, and our foreign competitors have not any advantage over us in that respect. What is the next handicap?



Mr. DOUGLAS. You are dealing in the future. That is something that I am a little careful about, because I do not know anything about it. You had better deal in the past. Do not let us get into the realm of speculation.

Mr. SAUNDERS. But this whole scheme is for the future.

Mr. DOUGLAS. Yes; but you are theorizing.

Mr. SAUNDERS. No; I am not theorizing.

Mr. DOUGLAS. Yes; you are.

Mr. SAUNDERS. Let us see if I am. I am trying to find out what the handicaps are that exist to-day that would deter American capital from entering into competition on the deep seas in the way of tramp steamers with foreign capital. Now, you can not say, with respect to that competition, that a law which has been repealed is a present hindrance, so I am not theorizing at all about it. What is the next handicap?

Mr. DOUGLAS. You can not buy or build ships to-day to any extent, you know?

Mr. SAUNDERS. Yes; I understand, at this moment; but I mean so far as the laws are concerned.

Mr. DOUGLAS. After the war is over, if their shipyards can build cheaper than we can, very naturally Americans will go there. There is no doubt about that.

Mr. SAUNDERS. Then, that handicap is out of the way?

Mr. DOUGLAS. But you will remember, again, that we are in a different position than England, for instance, for she is the best example to take. You have to look at facts and not theories. You exemplified the fact that an American citizen should be as well able to sail a tramp ship as anybody else, but that is not so. The law goes according to nationality. England is a great power; she has her home trade, which is largely export; she has her colonies in India; she owns Egypt, and she has New Zealand, and South Africa, and pretty soon she may have the rest of the world. Now, English people, of course, trade with themselves; they had been in this business long before we ever dreamed of going into it; even when our clipper ships were in the water, they were in it; and since then, of course, they have driven us off. Take all these English ships going to all these English colonies, they have a decided advantage over an American ship.

Mr. SAUNDERS. I will admit that.

Mr. DOUGLAS. That is a serious handicap. I do not care whether she is a tramp or a liner; the liner has a great advantage, but the tramp still has a considerable advantage. Take the people who load tramp ships and do not load liners abroad. They have their affiliations in Australia; they go out there at certain seasons of the year and they get their wool cargoes, and they go from Australia to South Africa. All that has been built up by a process of evolution, covering a great many years.

Mr. SAUNDERS. I admit all that.

Mr. DOUGLAS. You say you admit it, but you do not admit it. It is a fact which is overlooked by Congress.

Mr. SAUNDERS. You will agree that is a restatement of handicap No. 1?

Mr. DOUGLAS. No; it is altogether different.

Mr. SAUNDERS. I admit the force of all that; but you are simply uplying what you have already stated, namely, that as a result of having been long in the business and as a result of their experience in trading, and because of the trade with their colonies, they have that advantage, and I admit all that, but I am trying to find out some additional handicaps.

Mr. DOUGLAS. I think you have admitted enough to get the conditions that exist.

Mr. GREENE. Do not England and other foreign countries own terminals and warehouses at the ports; for instance, in South America where there is a large trade which we hope to get, have they not established means and methods of reaching the interior that we have not, and will not have for many years?

Mr. DOUGLAS. They own, of course, a very much better system of sailing stations than we do, unquestionably, but whether they have any advantage going inland, I hardly think so; not so far as my knowledge goes.

Mr. GREENE. I thought they did.

Mr. DOUGLAS. They may have; but not to my knowledge.

Mr. EDMONDS. On subsidies in the preferential freight rates the German vessels get handicaps against our American ships.

The CHAIRMAN. We do not want to take it for granted that is a fact.

Mr. DOUGLAS. Oh, yes; in Germany that is a different proposition. Dockage charges at our ports are very much in excess of what they are in Germany and in England.

The CHAIRMAN. How about the extra officers on the ships, and the extra tenders required on freight boats; does not that cost us more?

Mr. DOUGLAS. Yes; it costs more money, and that emphasizes one reason why I am in favor of having a ship run in accordance with the wishes of Congress, flying the American flag; but if she does, then let Congress try to demand certain things without trying to pay for them.

Mr. SAUNDERS. You spoke of the dockage charges being higher. Do not those foreign ships, when they come in here, have to pay these dockage charges?

Mr. DOUGLAS. Yes.

Mr. SAUNDERS. How is it that our ships will be at any disadvantage, then? Our tramp ship competing with the English tramp ship would have to pay the dockage here, I assume, and the dockage charge in England, if we were trading between the United States and England, and would not an English competitor trading between those two ports pay exactly the same charges?

Mr. DOUGLAS. That has been a question that has been debated in the chamber of commerce. I claim, from all the statistics I could get, she would not have to pay as much.

Mr. SAUNDERS. What do you mean?

Mr. DOUGLAS. I think the English boat gets preferential treatment. Understand, that is disputed, and was disputed then; but I believe that the English ship does not pay what the American ship does, or anything like it. In fact, you have admitted yourself that she has an extra registration, which means a discrimination. Take a difference of 1,200 tons on a 10,000-ton ship and see what the difference amounts

Mr. SAUNDERS. I have not admitted anything, and you and I are not engaging in any controversy at all.

Mr. DOUGLAS. No. We want to get the facts.

Mr. SAUNDERS. I understand you to say that you do not state it positively, but that it is your impression, upon the state of facts that I have cited, that the English tramp steamer would have the advantage over the American tramp steamer in that she would get preferential consideration at English ports and would not have to pay as much dockage charges as the American tramp?

Mr. DOUGLAS. I would not say dockage charges alone, because, as I stated, there is a difference of opinion on that subject. I have never been able to get the absolute facts necessary to make it as a definite statement; but I do believe there is some little difference in the charges, and that we do not get the same treatment.

Mr. SAUNDERS. That is important. Can we get at the facts with regard to that?

Mr. DOUGLAS. I think you can get at it very much better than I can. As I say, it is denied, but I do not accept the denial.

Mr. SAUNDERS. That is just a moot question. Are there any other facts you have in mind that would deter American capital from investing in a tramp ship?

Mr. DOUGLAS. I think you have been into it enough to make it apparent to my mind, if not to yours.

Mr. SAUNDERS. I do not think that is a very satisfactory answer to my question.

Mr. DOUGLAS. I can not answer it in any other way. I do not have anything in my mind very special.

Mr. SAUNDERS. That is different.

Mr. DOUGLAS. I think we have brought out enough.

Mr. SAUNDERS. The question of whether or not we have brought out enough is not involved. I am trying to get at the facts. If there are any other handicaps you have in mind, I wish you would state them.

Mr. DOUGLAS. I do not know of any.

Mr. SAUNDERS. Then we have covered the three handicaps which, in your judgment, will deter American capital from investing in a tramp ship for the purpose of deep-sea trading?

Mr. DOUGLAS. Yes; three or four or five.

Mr. SAUNDERS. Let me ask you about another feature of this bill. You have pointed out that the number of ships we could buy would be absorbed in the lines and that there would not be any more for promiscuous trading. What, in your judgment as a business man, would be the effect on business conditions of the number of ships operating under this bill?

Mr. DOUGLAS. If you put them on the regular lines, it seems to me the condition would be about like this, you would simply perpetuate the control of alien shipping, as against the United States. There is no way of getting around that, because it is a self-evident fact. You have 60 ships you are going to utilize on these lines; you put on a line for one or the other coast of South America, Africa, or Australia; you have the right to fix your rates if you operate yourselves, and you will fix them, and we presume you will fix them fairly. You are going to run six boats in that service; that would probably be what you would have to run to have the service every two weeks. Do you

think the foreigners care anything about whether you put those six boats on or not? No; they do not. In my opinion the alien lines would be only too glad to have you put those boats on, because you would perpetuate their control. You will not carry more than 10 per cent of the trade, and you will establish rates which, in all probability would be fair rates. Now, what is the foreigner, who is going to run those boats with the other 85 or 90 per cent, going to do? He has got to do one or two things; if your rates are too low for him, then, of course, he is not going to enter into competition at that moment with you; he will let your boat get away, and then he will fix the rate. You have kept private enterprises from going on the berth, and you have left the berth to the mercy of the alien ship. Then, in my judgment, if the Government should try to operate them, they are not only going to fix the rate too high, but they are, perhaps, going to have a ship that will not compete. The honorable Secretary says we should have 16-knot ships or 14-knot ships for Buenos Aires.

Hon. W. G. McADOO (Secretary of the Treasury). I have not fixed any speed.

Mr. DOUGLAS. I would fully agree with you if you had.

Secretary McADOO. No; but I wanted to correct you.

Mr. DOUGLAS. I was approving it, if you had. What are you going to do? The alien steamship owner is sending his ship there regularly, too, with a speed of say, 9 knots. He has a great big ship of ten or twelve thousand tons, with every possible cubic foot available for cargo and dead weight, with a big deck load, and you may not have quite so good a ship. He will make money, and good big money, too, while you, operating under the Government system, will lose money, and I do not believe the Government is simply going into this business, if they do go into it, to throw money away. I am not advocating that you should, but I think you will put yourselves in a very grave position, because to-day there is a chance that some see, if we live long enough, by American enterprise to come in and help run those lines, and what I have been trying to point out to Judge Alexander, who has been very fair and courteous to me always, is that you want the American public to come in; you do not want \$50,000,000 of Government money to be spent, and then have no money left. You want to attract \$500,000,000 of the public money, and if you start a line to South America, start it on a safe basis, so that if that line pays American enterprise and American capital, they will be able to supplement that line and put more vessels on, which they can build abroad or build here, according to your judgment, and build up the line. The Government will not be able to do it, because they have not any more money. One Senator said last year—or a member of the House—he said, "If this bill passes, I am going to raise Cain if I do not get my quota of ships for my part of the world, where we can send them to foreign ports." He was on the west coast, I believe.

Mr. SAUNDERS. I understood you to say that the condition in the ship-yards of the world to-day is such that there would be no immediate chance of having the ships built?

Mr. DOUGLAS. Very little.

Mr. SAUNDERS. With respect to the purchase of ships at the present prices of ships in the world, are they very high as a result of that?

Mr. DOUGLAS. Yes, sir; very high. You can not buy many ships. You can buy some.

Mr. SAUNDERS. Suppose they can be purchased at these high rates by the expenditure of the money contemplated by the bill; now, suppose they are leased to private shipowners to operate; if they are leased to these private shipowners on such rates as will represent a profit to the Government, what advantage, then, would that shipowner or that lessee have over any other person with capital who wanted to lease a ship anywhere in the world and go into the deep sea business?

Mr. DOUGLAS. He would not have any.

Mr. SAUNDERS. If they are leased to these people who are going to lease them on terms that will represent a loss to the Government so far as its investment is concerned, what would that be except a subsidy to that individual lessee?

Mr. DOUGLAS. Certainly, that would be a subsidy to him, unquestionably.

Mr. SAUNDERS. That is all.

Mr. HARDY. I wish to get clearly and candidly your statement: Outside of the question of measurements, of which you spoke just now, what handicap, prior to the passage of the seaman's bill, was there by law on the American merchantman in the deep-sea trade?

Mr. DOUGLAS. I never made a very thorough study of the seaman's act. Like a good many other laymen, perhaps, with a good deal of ignorance, I have condemned it. I would like to answer the judge on those questions, so far as the seaman's act is concerned, but, to be candid, I have never given it proper study and attention which it should have.

Mr. HARDY. You will allow me to say something, and then you may comment upon it, if you desire.

Mr. DOUGLAS. Yes.

Mr. HARDY. For two years I have been trying to get somebody to put his finger on a single American law that is a handicap to the American trade on the high seas. Mr. Dollar here two years ago stated that our measurements subjected us to greater charges in foreign ports than foreign measurements. That was the first time that was ever called to the attention of this committee or any member of it. I asked him the question had he ever sought to have our laws on that amended or changed, and he said he never had. Mr. Chamberlain differs with him about it, but I am not going into that, and I am permitting that to stand as an objection under our law. I have sought from every witness who has come before us to get him to point out some one of our laws that is a handicap, but no one has ever done it. Can you do it?

Mr. DOUGLAS. Judge, I would be glad to later on advise you by letter on that point, and I think it is very possible to do it, and I think you can get all the men you want who are well qualified to give you that advice in New York, Boston, and Philadelphia.

Mr. HARDY. I have asked all of them who have come before this committee, and none of them have told me.

Mr. DOUGLAS. I am afraid you have asked them with a prejudged impression.

Mr. HARDY. No.

Mr. DOUGLAS. I know you are a very able man, but I know you have very strong convictions, and I think you ought to have some little reasoning on that subject from our standpoint.

Mr. HARDY. My prejudgment does not prevent you from pointing out the handicaps.

Mr. DOUGLAS. I have given a various number of handicaps.

Mr. HARDY. What are the various number of handicaps?

Mr. DOUGLAS. I refer you to the record. What is the use of going over it again?

Mr. HARDY. The wages are not fixed by law, are they?

Mr. DOUGLAS. They are fixed by usage. That is just as good as law.

Mr. HARDY. I am not asking you what is as good as law.

Mr. DOUGLAS. I have answered, and you do not agree. I say usage is law.

Mr. HARDY. We can not repeal usage?

Mr. DOUGLAS. No; but it exists.

Mr. HARDY. Have your people—the shipowners—ever come before Congress in the last 20 years and asked to have any of the so-called antiquated laws repealed?

Mr. DOUGLAS. I suppose there were not enough to come.

Mr. HARDY. You seem to be getting together pretty thoroughly every time we meet. Have you ever asked for the repeal of any so-called antiquated navigation laws?

Mr. DOUGLAS. I do not know. I do not own even a rowboat myself.

Mr. HARDY. But, I say, have any of your people ever come before Congress and asked to have any of these so-called antiquated navigation laws repealed?

Mr. DOUGLAS. I do not know, Judge.

Mr. HARDY. You have always talked about antiquated American navigation laws, and I am trying to get you to point out one of them. You handle that phrase as well as everybody else.

Mr. DOUGLAS. I do.

Mr. HARDY. Then, what are they?

Mr. DOUGLAS. They are so heterogeneous and so scattered——

Mr. HARDY (interposing). So numerous that you can not mention any?

Mr. DOUGLAS. I think, as the Secretary says, they are being put in better shape, and if the shipping board will show me that there are no navigation laws, I will admit it.

The CHAIRMAN. I am going to make this suggestion in all kindness, because I think all the members of the committee will be interested, because the seaman's bill was reported from this committee, if I may say, not with unanimity, but with practically unanimity. I think Judge Saunders was opposed to it.

Mr. SAUNDERS. Some provisions of it.

The CHAIRMAN. It passed the House unanimously; there was not a vote against it. Now, I would like for the Chamber of Commerce of the United States to pick their expert who is firmly of the opinion that the seaman's bill should be repealed and have him come before this committee and state why.

Mr. DOUGLAS. I do not know, Judge, whether you have seen the referendum paper, Mr. Rhett, whom we expect to be our next president, had the matter in charge as chairman of that committee. Now, he has prepared or his committee has prepared a referendum. I have not read the paper, but I think if you will get Mr. Rhett up here, he is the man you want on that subject, so far as I know.

The CHAIRMAN. I do not wish to suggest anybody, but while your chamber was in session here, and considering that question, you had the opportunity to secure the advice of the members of this committee, and others, who know something about the seamen's law; but men discussed it—and cussed it, too—who did not know a thing on earth about it. It may have its defects; I will not say it has not, but for the Chamber of Commerce to say it should be repealed, when they ought to know that section 14 of that law contains the International Convention on Safety of Life at Sea, which was agreed to by all the maritime nations of the earth, it shows how absurd their position is.

Mr. DOUGLAS. I can only say that I am very sorry if they have made any statements that are not correct. I am only responsible for my own statements, and I was not on that committee.

The CHAIRMAN. I think they should come before the committee and give us the benefit of their views.

Mr. DOUGLAS. I will take great pleasure in stating your viewpoint on that to Mr. Fay and to Mr. Rhett.

Mr. BYRNES. The Charleston (S. C.) Chamber of Commerce is one of your constituent organizations, is it not?

Mr. DOUGLAS. I can not answer that; I do not know that myself.

Mr. BYRNES. Did you not say that Mr. Rhett would probably be your next president?

Mr. DOUGLAS. Yes.

Mr. BYRNES. Is not Mr. Rhett president of the Charleston (S. C.) Chamber of Commerce?

Mr. DOUGLAS. I do not know.

Mr. BYRNES. I can tell you that he is a member of that organization. With regard to the value of your referendum, I want to ask this: Inasmuch as this committee has before it a bill regulating compulsory pilotage, the Charleston (S. C.) Chamber of Commerce had presented here at a meeting last week a resolution requesting this committee to report that bill, and this week the committee has before it a resolution from the same chamber of commerce, asking us to vote against the bill which it favored the week before. Do you not think that there is some possibility that if the framer of this bill should appear before the Charleston Chamber of Commerce, and some other organizations of that character, they might behave in like manner, and send resolutions up here asking us to vote for the bill?

Mr. DOUGLAS. Of course, I can not answer those questions. My advocacy of the chamber of commerce is along the lines of the work they are trying to do. The Chamber of Commerce of the United States can not regulate the whole business of this country; they recommend what they think is best, and we hope that it will eventually be of value to the country. If there is nothing else, I would like to get down to the Pan American, if I can.

The CHAIRMAN. I thank you very much, Mr. Douglas, for coming here.

Mr. DOUGLAS. I just want to say that I thank the two Secretaries for what they have done, and I want to say that I realize those gentlemen have done everything they could to stir up public opinion and create a desire to have this subject thoroughly investigated throughout the country, and I am sure that the chamber of commerce appreciates their efforts, and I am sure that the public does, and although we may not agree with them, and may differ with them on some propositions in relation to the question, I want them to feel that they have our sympathy, and that we are entirely in accord with them in trying to reach a fair conclusion. I thank you very much.

Secretary McADOO. Mr. Chairman, may I say just a word to the committee?

The CHAIRMAN. Yes.

Secretary McADOO. I came here this morning with the expectation that I would have the opportunity of answering any questions that the committee might desire to ask me, and to make a statement about the pending bill, but hearing that Mr. Douglas was here attending a meeting of the chamber of commerce, I yielded to him, and I regret very much to say that my engagements are of such an imperative character that I can not possibly appear before the committee to-day. I will be very glad if you will give me some other day.

(After informal discussion it was understood that Mr. McAdoo will appear before the committee on Wednesday, February 16, 1916, and the committee thereupon took a recess until 2 o'clock p. m.)

AFTER RECESS.

The committee reconvened at 2 o'clock p. m.

The CHAIRMAN. Gentlemen, we will proceed with the hearing.

STATEMENT OF HON. WILLIAM C. REDFIELD, SECRETARY OF COMMERCE.

Secretary REDFIELD. Mr. Chairman, in order to save the time of the committee it would seem to me that I might briefly touch upon certain points raised by Mr. Douglas this morning and then briefly describe the actual conditions of our merchant marine as it is to-day and the very extraordinary facts in relation to it out of which conditions, as well as out of current business conditions, this measure arose, and then taking up the measure try to show what is attempted to be done by it. If I may, then, briefly speak of certain points raised by Mr. Douglas, I want to say that there is no disadvantage, either as regards the Panama Canal or elsewhere, in the matter of the registered tonnage of American shipping. All vessels, as far as their measurements are concerned in the Panama Canal, are treated alike, the Panama Canal rules applying to every vessel of every nationality in the same way, and as regards the rest of the world, the rules used by the United States are substantially the rules of Great Britain, with the difference that in certain details we are a little more lenient than Great Britain and do not make ships' tonnage quite as large as her rules do. In that respect an American ship would be at an advantage rather than a disadvantage wherever any impos^t

placed upon tonnage. Mr. Chamberlain, the Commissioner of the Bureau of Navigation, is here and he has that matter entirely at his tongue's end and would be very glad to give the information in detail.

The CHAIRMAN. Right in that connection I will say, after you have concluded your statement, Mr. Secretary, I have requested Mr. Chamberlain to appear before the committee and I would be very glad if every member would be present at that time, particularly the new members of the committee. He will tell what, if any, antiquated navigation laws we have and if there are any discriminations against American shipping in the matter of measurements of vessels in foreign ports.

Secretary REDFIELD. May I add, Mr. Chairman, in that connection, that the Bureau of Foreign and Domestic Commerce in our department has caused to be collected the navigation laws of all the leading maritime countries, and they are now at the service of the committee. In so far as they relate to the laws of foreign countries they have been verified by the officials of those countries, and for the first time the entire subject has been presented in one pamphlet.

Mr. HARDY. When were they sent to the Members?

Secretary REDFIELD. Day before yesterday in the evening, when they first came out.

The CHAIRMAN. That is right.

Secretary REDFIELD. I may say also, Mr. Chairman, that a few months ago, having reference to what Judge Hardy said this morning, I had in my office a group of gentlemen representing several of the largest American steamship interests. I asked them what changes they desired made in the navigation laws and received no answer. None of them was willing to suggest—none of them did suggest any changes as desirable. I have, as Judge Hardy said he had done, sought for a year past patiently to get from any steamship company or any person familiar with nautical matters a statement as to what change they desired in the navigation laws, and thus far I have failed entirely to get a definite suggestion as to what was wanted.

Mr. HARDY. Right at that point, if you will allow me: Nevertheless, for the last 10 years you have been hearing talk about our merchant marine disappearing on account of our antiquated navigation laws?

Secretary REDFIELD. Yes, indeed. I have written back to ask the gentlemen who complained of the navigation laws what suggestions they had to make as to changes. I do not recall receiving a reply. As regards the facts concerning the oriental crew of the steamship *China* under the seaman's law, I have the original report of the surveyor of customs of the city of San Francisco, and, with the committee's approval, will have it put in the record. I will read the section of it which has reference to this matter. It is dated January 11, 1916:

I devoted much of the day Wednesday and most of the night attentively listening to the questioning of the Chinese crew by the officers of the steamship *China* in the presence of the three prot-stants, Messrs. Patrick Flynn, Paul Scharrenberg, and Eugene Steidle. I thoroughly realized the importance of the proceeding, and was keenly alert in an effort to be completely impartial and fair. My conclusions were that out of the 32 men employed in the deck department 6 failed the requisite knowledge of the language of their officers, also 1 man in the steward's department failed out of the 57 employed, and 28 men in the engineer's department were deficient out of a total of 65 employees. The following day I was present at the examination of the 20 Filipinos, of whom 12 were selected, which was the necessary number to fill the quota essential in the engineer's department. That afternoon the *China* sailed at 3 o'clock,

hours after the scheduled time. Later the manner of conducting the hearing cited congratulations both from the labor men, who were the protestants, and the men of the steamship company. In truth, the steamship company people publicly announced that they immediately intended to purchase three additional steamers view of the treatment accorded them by the Government officers.

Mr. HARDY. That was the language test contained in section 13 of the seaman bill?

Secretary REDFIELD. Yes, sir; that was the former Pacific Mail steamship *China*, with presumably the same crew that she had under the Pacific Mail Co. She is now owned by the China Mail Steamship Co., which, I am informed, is capitalized by Chinese merchants in the city of San Francisco. They have since attempted to purchase the Government transport *Justin*, and I think they intend to purchase it.

Mr. HARDY. As far as you know, is there any varying from a right construction of this law to make it more lenient?

Secretary REDFIELD. I took the trouble to consult the statements made in debate by the members of this committee, including the statements of the chairman of the committee and yourself, and the conclusion which had been reached by the law officers of the Department of Commerce and by myself before I read the debates was confirmed by the statements made by this committee in the debates.

Mr. HARDY. So that the construction placed upon that bill by your department was the construction that was understood to apply to it by the advocates of the bill when it was passed?

Secretary REDFIELD. It was.

Mr. HARDY. The reason I asked that question is that it has been occasionally said by somebody who has been abusing the bill that your department has failed to construe what the law meant, and that it did not mean what you construed it to mean.

Secretary REDFIELD. I have heard that statement made. In the matter of the cost of operating ships, let me say that there is a very large amount of sweeping and general statements made and very little detail given. The cost of two ships of the same line, of the same size, and of the same work is not alike. A wasteful or negligent captain or steward can radically alter the cost of operating a ship. It is quite as important, and perhaps in some respects more important, to know what a ship costs at the dock as it is to know what it costs when she is at sea. To illustrate that, let me say that I have an acquaintance who is the superintendent of one of the large steamship companies which utilizes Norwegian, English, and American freight steamers. I sent for him, because I knew he would tell me the truth, and I talked to him very frankly about the cost of operating the vessels. He said what, of course, is obvious, that the cost of operating a ship depends very largely upon her equipment, and that his experience was that a Norwegian vessel cost, as far as outlay was concerned, about \$500 a month less than an American ship of the same size and capacity, but that since the Norwegian vessel in company with the European vessels generally was equipped with single winches for each hatch and was not equipped with side ports, the American vessel took two days less in port at each end of her voyage, and consequently in going to points, say, four or six days distant made a complete extra voyage per annum more than the Norwegian ship, and as a result she earned as much as the Norwegian vessel did. The American ship, I neglected to state, has double winches and is equipped with

side ports. Consequently her idle time at the dock is greatly reduced. I might say that that is a problem upon which so much brains has been spent in connection with the lake traffic—to reduce the idle time, which is the nonearning time of the ship. Furthermore, his experience was that upon the Norwegian ship it was impossible to get the best class of seamen because the accommodations were so bad better men sought the better ships; that at the end of 20 years there was not much left of the Norwegian ship, whereas the American vessel was good for 10 years more, under ordinary care; that from every point of view, as a practical man, speaking for himself personally and not for his company, he would rather have American vessels in the freight traffic than foreign ships. That was in the fall of 1915.

The statement was made that we are not able to build within 40 per cent or 50 per cent of the foreign price. I may have something to say about that a little later on, but I point out to the committee that ship plates are absolutely cheaper in the United States in ordinary times and structural steel of that character is made more cheaply here than in any other country in the world, our capacity being so vastly larger than that of Great Britain, Germany, and France put together that we produce steel of that character more cheaply than it is made in other countries.

As to there being conditions which deter American capital from entering into shipping business, I shall have the pleasure of pointing out that American capital is entering into shipping at an unprecedented rate, that it has never entered into it as rapidly in the history of our country as it has in the past year, and is only deterred at present by the inability to get ships built as fast as they need them.

The point was made as to the advantage of British ships all over the world, through the presence all over the world of British investments. That is in a measure true. It is, of course, a fact that England has investments outside of her own territories of about \$20,000,000,000. They derive a great advantage from dealing in foreign lands with Englishmen or Scotchmen. The remedy for that does not, however, lie within the scope of the merchant marine, but is to be sought in the extension of American banking and investment facilities abroad, and that process is going on. There have been American banks established in many foreign ports in the past year, due to the Federal reserve law and new American investments are being made in various parts of the world.

The reason why the Secretary of the Navy and the Secretary of Commerce were put upon the board proposed by this bill is because they represent the two great maritime departments of the Government. We need hardly say what the Secretary of the Navy has in the way of vessels. The Department of Commerce had, upon the first of the year, 136 vessels in operation, not counting small launches, and 7 building, making 143 ships of its own on almost all the oceans, and designing our own vessels and familiar with their repair and construction. It was for that reason thought desirable that whatever might be gained from touch with the civilian maritime world through this board should be supplemented by all that the Government had in the way of maritime work of its own, knowing that through the Secretary of the Treasury we should be able to get the assistance of the splendid service commanded by my friend, Capt. Bertholf, and also the aid of the War Department running its own fleet of trans-

orts. The purpose, then, was simply to unite all that was best in private as well as in public knowledge in the development of this scheme. Speaking for myself, if I may do so, there would be no objection on my part to having myself eliminated from the board, if the committee thinks it best.

The CHAIRMAN. Well, the Department of Commerce is charged with the administration of our navigation laws, is it not?

Secretary REDFIELD. Yes; it is.

The CHAIRMAN. And presumably knows more about them than any other branch of the Government?

Secretary REDFIELD. The suggestion was made about this \$50,000,000 not being sufficient to go a great ways, but I think it was forgotten that this money may be used in large part over and over again, and we should be very glad to see the bill, if it is not perfectly clear in that respect, made so in this way: That if a ship is sold the funds received from the sale of that ship may be utilized for the further pursuance of the objects of the bill.

The CHAIRMAN. I will say at this point that I have an amendment to propose to make that perfectly clear.

Secretary REDFIELD. I think now I may pass, if the committee will, to the condition of the merchant marine at the present time, and certain very interesting and notable developments that are taking place in it which seem to make this an opportunity of such a peculiar character unlike any condition which any of us had ever faced connected with the marine, such as would seem to make it a great pity if this opportunity is not seized to the full. I may say that in drawing this measure, so far as I had a minor part in it, the purpose has been to draw a measure which did permit the widest possible scope of action, with a declared purpose, subject to a double supervision or a triple supervision, if that may be possible, namely, that the acts should be subject to the approval of the President on the one hand and that on the other hand they are always subject to the review of Congress which can at any time alter or amend them, and that all that the board proposed by this bill can do must be done in the open and in a manner subject to constant correction by public opinion. That, in brief, is the purpose of this measure.

The American merchant marine has added to itself in the last year more than was lost in the two bad years of the war between the States. It never was as large as it is to-day. The increase in it was never as large as in the last calendar year. It grew much faster than it ever grew before. We never needed ships as badly as we need them now. We never were more dependent upon foreign ships than we are now. Never did this dependence rest on a more shaky foundation. Never had we so much of a marine. Never did we suffer so much from lack of one. Never did we add to it so fast. Never was our present helplessness to add to it sufficiently so marked.

I call your attention to an excerpt from the London Economist of November 13, which has great significance:

In future the government may requisition for the carriage of grain and other merchandise any ship registered in the United Kingdom, and after December 1 no British ship of over 500 tons may carry cargo from one foreign port to another without first obtaining a license from a committee in London. All British shipping is liable to be requisitioned for commercial purposes. All trade in British bottoms between foreign ports is to be under direct government control.

These are revolutionary measures which nothing but urgent necessity could justify and the full effects of which it is impossible to foretell.

I have in my hand the list of vessels under contract in private American yards on February 1.

Mr. HARDY. Do I understand that article to mean that a British vessel is not allowed to trade between two foreign ports without special leave of the British Government?

Secretary REDFIELD. On November 10, 1915, there was an order of council prohibiting British ships carrying cargo between foreign ports unless licensed by the board of trade.

Mr. HARDY. I just wanted that clear.

Secretary REDFIELD. There were under construction in American yards the first of this month 230 vessels of a total merchant tonnage or 901,371 gross tons. That means that 67 new vessels of 231,073 gross tons, represent the new orders received during the months of December and January, or at the rate, as you will observe, of a new vessel every day, or a little more. As a matter of fact, there are a few yards on the Pacific from which we have not yet heard, and this is perhaps something of an underestimate. I will file with the committee a statement showing the merchant and Government ship building in each yard on the 1st day of February, 1916.

(The statement follows:)

Kinds of vessels included in the statement of shipbuilding for Feb. 1, 1916.

Class.	Num-ber.	Gross tons.
Bulk oil vessels.....	64	1 440,962
Cargo vessels.....	71	309,741
Passenger and cargo combined.....	10	49,378
Coalliers.....	16	47,118
Car floats.....	19	17,290
Molasses carriers.....	3	15,000
Ferry boats.....	5	3,454
Towing vessels.....	3	11,297
Passenger vessels.....	2	925
<hr/>		
	Num-ber.	Gross tons.
Special vessels:		
For foreign Governments.....	4	15,500
Wrecking tug.....	1	500
Yachts.....	5	1 516
Hoister.....	1	
Hopper barge.....	1	
House barge.....	1	300
Lighter.....	1	300
Elevator.....	1	500
Trawlers.....	3	900
Fireboat.....	1	100
	19	18,616
<hr/>		
Not stated.....	13	17,590
<hr/>		
Total.....	230	1 901,371

¹ Incomplete.

Merchant and Government shipbuilding, Feb. 1, 1916.

Name.	Merchant construction.		Government construction.		Merchant construction completed since July 1, 1915.	
	No.	Gross tons.	No.	Displacement.	No.	Gross tons.
				<i>Tons.</i>		
New York Shipbuilding Co.	23	119,744	4	61,495	6	24,470
Newport News Shipbuilding & Dry Dock Co.	17	124,836	2	63,400	3	11,837
Fore River Shipbuilding Corporation	13	166,000	22	131,892		
Wm. Cramp & Sons Ship & Engine Building Co.	12	72,600	4	4,450	1	6,621
Dubuque Boat & Boiler Works	1	25	2	647	2	525
Charles Barnes Co.	1	300	2	720		
Bath Iron Works	5	11,900	4	6,295		
Maryland Steel Co.	13	71,300			4	17,490
Harlan & Hollingsworth Corporation	15	63,481			2	6,685
Union Iron Works	19	140,658			2	6,323
Staten Island Shipbuilding Co.	6	1,697			5	1,535
Great Lakes Engineering Works	13	42,530			3	4,242
Great Lakes Towing Co.					4	325
Baltimore Dry Docks & Shipbuilding Co.	7	24,500			2	882
Manitowoc Shipbuilding & Dry Dock Co.	4	1,000	1	1,000	1	2,122
American Shipbuilding Co.	14	63,300			1	7,180
Moore & Scott Iron Works	3	10,000			1	222
Clinton Shipbuilding & Repair Co.	2	1,560			1	560
Johnson Bros.			2	800	1	94
Howard Ship Yards Co.	7	4,600				
Seattle Construction & Dry Dock Co. ¹	5	19,000	1	1,125		
Lake Torpedo Boat Co.			8	(²)		
California Shipbuilding Co.			6	1,750		
American Bridge Co.	16	10,388	7	1,955		
Ellisott Machine Corporation	3	750				
Spedden Shipbuilding Co.	3	(²)				
Hermann-Grelling Co.			1	620		
Fusey & Jones Co.	6	1,684				
Chester Shipbuilding Co.	7	34,000				
Chicago Shipbuilding Co.	1	2,100				
Toledo Shipbuilding Co.	7	17,900				
United Engineering Works	1	3,500				
Bereshoff Manufacturing Co.	1	178				
Quinard Iron Works	1	900				
Merrill-Stevens Co.			1	170		
Milwaukee Bridge Co.	1	(²)	1	(²)		
American Shipbuilding Co.	1	20				
Jamez Rees & Sons Co.	1	(²)				
Tampa Foundry & Machine Co.	1	2,000				
Total	230	1,901,471	68	1,176,319	39	91,113

¹ Incomplete.² Not reported.³ Detailed statement not available.

Steel merchant vessels under construction or under contract on Feb. 1, 1916.

NEW YORK SHIPBUILDING CO., CAMDEN, N. J.

Vessel.	Gross tonnage.	Speed.	Owner.	Trade.	Probable date of launch.
		<i>Knots.</i>			
Standard Arrow	10,250	11.0	Standard Transportation Co.	Bulk oil.	Spring, 1916
Royal Arrow	10,250	11.0	do.	do.	Winter, 1916
Bristol	3,971	10.0	Coastwise Transportation Co.	Collier.	Afloat.
No. 170	10,250	11.0	Petroleum Transport Co.	Bulk oil.	Winter, 1916
No. 172	5,188	11.5	Gulf Refining Co.	do.	Fall, 1916
No. 173	10,250	11.0	do.	do.	Spring, 1917
Sylvan Arrow	10,250	11.0	Standard Transportation Co.	do.	Do.
Broad Arrow	10,250	11.0	do.	do.	Fall, 1917
No. 175	8,500	10.5	Darrow-Mann Co.	Collier.	Winter, 1916
No. 177	5,296	10.5	do.	do.	Spring, 1917
No. 178	750		New York Central and Hudson River Railroad Co.	Carfloat.	Spring, 1916
No. 179	750		do.	do.	Do.
No. 180	750		do.	do.	Fall, 1916
No. 181	750		do.	do.	Do.
No. 182	5,296	10.5	Coastwise Transportation Co.	Collier.	Spring, 1917

42 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Steel merchant vessels under construction or under contract Feb. 1, 1916—Continued.

NEW YORK SHIPBUILDING CO., CAMDEN, N. J.—Continued.

Vessel.	Gross tonnage.	Speed.	Owner.	Trade.	Probable date of launch.
		<i>Knots.</i>			
No. 183.....	3,289	10.5	Pocahontas Navigation Co.....	Collier.....	Summer, 1917
No. 184.....	5,286	10.5	Darrow-Mann Co.....	do.....	Do.
No. 185.....	765		New York Central & Hudson River R. R. Co.	Carfloat.....	Winter, 1916
No. 186.....	765		do.....	do.....	Do.
No. 187.....	765		do.....	do.....	Spring, 1917
No. 188.....	765		do.....	do.....	Do.
No. 189.....	5,188	11.5	Gulf Refining Co.....	Bulk oil.....	Winter, 1917
No. 190.....	10,250	11.0	Petroleum Transport Co.....	do.....	Spring, 1918

Total, 23 vessels of 119,744 gross tons.

FORE RIVER SHIPBUILDING CORPORATION, QUINCY, MASS.

Texas.....	6,000	11	The Texas Co.....	Oil.....	Launched.
New York.....	6,000	11	do.....	do.....	Feb. 16, 1916
Cubadist.....	5,000	10½	Cuba Distilling Co.....	Molasses.....	Apr. 15, 1916
No. 248.....	6,000	12	Luckenbach Steamship Co.....	Freight.....	June 1, 1916
Sucrosa.....	5,000	10½	Cuba Distilling Co.....	Molasses.....	Mar. 1, 1916
Molero.....	5,000	10½	do.....	do.....	
No. 251.....	6,000	12	Luckenbach Steamship Co.....	Freight.....	
No. 253.....	6,000	11	The Texas Co.....	Oil.....	
No. 251.....	6,000	11	do.....	do.....	
No. 255.....	3,000	10½	Argentinian Government.....	Naval.....	
No. 264.....	6,000	12	Luckenbach Steamship Co.....	Freight.....	
No. 265.....	6,000	12	do.....	do.....	
			Spanish Government.....	Submarine.....	

Total, 13 vessels of 66,000 gross tons.

HARLAN & HOLLINGSWORTH CORPORATION, WILMINGTON, DEL.

Gold Shell.....	5,605	11	Shell Co. of California.....	Bulk oil tanker.....	Launched.
Pearl Shell.....	5,605	11	do.....	do.....	Mar. 1, 1916
George E. Paddlerd.....	5,347	11	Petroleum Transport Co.....	do.....	Feb. 15, 1916
Benjamin Brewster.....	5,605	10½	Standard Oil Co. of New Jersey.....	do.....	June 1, 1916
W. H. Tilford.....	5,605	10½	do.....	do.....	Sept. 15, 1916
No. 443.....	750	15	Wilmington Steamboat Co.....	Passenger and freight.....	Feb. 1, 1916
No. 444.....	2,010	10	Baltimore & Carolina Steamship Co.....	Freight.....	June 1, 1916
No. 445.....	8,490	10½	Standard Oil Co. of New Jersey.....	Bunk oil tanker.....	Dec. 1, 1916
No. 446.....	5,605	10½	do.....	do.....	Jan. 15, 1917
No. 448.....	2,750	10	Vacuum Oil Co.....	Freight.....	Dec. 15, 1916
No. 449.....	5,605	11	do.....	Bulk oil tanker.....	May 1, 1917
No. 450.....	4,500	12½	Ocean Steamship Co. of Savannah.....	Freight and passenger.....	Sept. 1, 1917
No. 451.....	4,500	12½	do.....	do.....	Apr. 1, 1918
No. 452.....	1,404		New York Central R. R. Co.....	Ferry.....	Sept. 1, 1916

Total, 14 vessels of 63,481 gross tons.

NEWPORT NEWS SHIPBUILDING & DRY DOCK CO., NEWPORT NEWS, VA.

Charles Pratt.....	10,935	10½	Standard Oil Co. of New Jersey.....	Oil carrier.....	Feb., 1916
H. H. Rogers.....	10,935	10½	do.....	do.....	Do.
Edgar F. Luckenbach.....	8,000	10	Edgar F. Luckenbach.....	Freight.....	Apr., 1916
Antwerpen.....	8,374	10½	Standard Oil Co.....	Oil carrier.....	July —, 1916
Henry R. Mallory.....	6,000	14	Mallory Steamship Co.....	Freight and passenger.....	Oct. —, 1916
Munabro.....	4,387	10	Munson Steamship Co.....	Freight.....	Apr. —, 1916
Wm. G. Warden.....	10,900	10½	Standard Oil Co.....	Oil carrier.....	Nov. —, 1916
F. Q. Barstow.....	10,900	10½	do.....	do.....	Dec. —, 1916

SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE. 43

Steel merchant vessels under construction or under contract on Feb. 1, 1916—Continued.

NEWPORT NEWS SHIPBUILDING & DRY DOCK CO., NEWPORT NEWS, VA.—Continued.

Vessel.	Gross tonnage.	Speed.	Owner.	Trade.	Probable date of launch.
		<i>Knots.</i>			
No. 198.....	5,900	10	Crowell & Thurlow Steamship Co..	Freight....	Sept. —, 1916
No. 199.....	5,900	10	do.....	do.....	Dec. —, 1916
No. 200.....	4,600	10½	Munson Steamship Line.....	do.....	Feb. —, 1917
No. 201.....	10,900	10½	Standard Oil Co.....	Oil carrier..	Aug. —, 1917
Turres.....	5,125	11	Southern Pacific Co.....	do.....	May —, 1917
El Mirante.....	4,500	11	do.....	Freight.....	Do.
El Capitán.....	4,500	11	do.....	do.....	June —, 1917
No. 205.....	8,400	10½	Atlantic Mining Co.....	Oil carrier..	July —, 1917
No. 206.....	4,600	10½	Munson Steamship Co.....	do.....	Nov. —, 1917

Total, 17 vessels of 124,856 gross tons.

CHESTER SHIPBUILDING CO., CHESTER, PA.

Unnamed.....	5,000	.....	For foreign account.....	Oil carrying.	June —, 1916
Do.....	5,000	.....	do.....	do.....	July —, 1916
Do.....	4,000	.....	For local owners.....	Freighter...	Oct. —, 1916
Do.....	5,000	.....	For foreign account.....	Oil carrying.	Do.
Do.....	5,000	.....	do.....	do.....	Nov. —, 1916
Do.....	5,000	.....	do.....	do.....	Jan. —, 1917
Do.....	5,000	.....	do.....	do.....	Apr. —, 1917

Total, 7 vessels of 34,000 gross tons.

ELLIOTT MACHINE CORPORATION, BALTIMORE, MD.

No. 6190-1.....	250	11	Pennsylvania R. R. Co.....	.....	Jan. 25, 1916
No. 6190-2.....	250	11	do.....	.....	Feb. 25, 1916
No. 6190-3.....	250	11	do.....	.....	Mar. 25, 1916

Total, 3 vessels of 750 gross tons.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING CO., PHILADELPHIA, PA.

No. 428.....	7,100	11	Petroleum Transport Co.....	Bulk oil...	Launched.
No. 429.....	2,900	10½	Mexican Navigation Co.....	Pass. and freight.	Do.
Conchula.....	2,900	10½	do.....	do.....	Do.
No. 431.....	7,100	11	Sun Co.....	Bulk oil...	May 15, 1916
No. 432.....	7,100	11	do.....	do.....	June 15, 1916
No. 433.....	2,700	12	Florida East Coast Ry. Co.....	Car ferry...	July 20, 1916
No. 434.....	8,000	17	Atlantic, Gulf & West Indies Steamship Co.	Pass. and freight.	Mar. 1, 1916
No. 435.....	8,000	17	do.....	do.....	Jan. 2, 1917
Santa Rosa.....	6,300	12	W. R. Grace & Co.....	Freight.....	Oct. 2, 1916
Santa Paula.....	6,300	12	do.....	do.....	Nov. 1, 1916
No. 440.....	7,100	11	Petroleum Transport Co.....	Bulk oil...	Oct. 1, 1916
No. 441.....	7,100	11	do.....	do.....	Nov. 2, 1916

Total, 12 vessels of 72,600 gross tons.

BALTIMORE DRY DOCKS & SHIPBUILDING CO., BALTIMORE, MD.

No. 74.....	3,500	11½	Trans-Atlantic Motor Ship Co.....	Bulk oil...	Apr. 1, 1916
No. 75.....	3,500	11½	do.....	do.....	Do.
No. 76.....	3,500	11½	do.....	do.....	Oct. 1, 1916
No. 77.....	3,500	11½	do.....	do.....	Do.
No. 78.....	3,500	11½	Christoffer Hannevig.....	do.....	
No. 79.....	3,500	11½	do.....	do.....	
No. 80.....	3,500	11½	do.....	do.....	

Total, 7 vessels of 24,500 gross tons.

44 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Steel merchant vessels under construction or under contract on Feb. 1, 1916—Continued.

MARYLAND STEEL CO., SPARROWS POINT, MD.

Vessel.	Gross tonnage.	Speed.	Owner.	Trade.	Probable date of launch.
		<i>Knots.</i>			
Artisan.....	5,800	10½	American Hawaiian Steamship Co.	Freight....	Jan. 15, 1916
Arborean.....	5,800	10½	do.....	do.....	Feb. 26, 1916
Margaret.....	3,450	9	A. H. Bull Steamship Co.	do.....	Mar. 15, 1916
Munsomo.....	3,450	10	Munson Steamship Co.	do.....	May 15, 1916
Munplace.....	3,450	10	do.....	do.....	Apr. 15, 1916
Cornelia.....	3,800	12	Bull Insular Steamship Co.	do.....	July 15, 1916
Helen.....	3,800	12	do.....	do.....	Sept. 1, 1916
No. 157.....	4,000	10	Munson Steamship Co.	do.....	Aug. 15, 1916
A. C. Bedford.....	10,000	10½	Standard Oil Co.	Bulk oil....	Nov. 1, 1916
W. C. Teagle.....	10,000	10½	do.....	do.....	Jan. 1, 1917
Mavari.....	7,150	10	Spanish-American I. Co.	Freight....	Apr. —, 1917
Dakouri.....	7,150	10	do.....	do.....	May —, 1917
No. 164.....	3,450	9	Christopher Hannevig, Jr.	do.....	Feb. —, 1917

Total, 13 vessels of 71,300 gross tons.

SPEDDEN SHIPBUILDING CO., BALTIMORE, MD.

John T. Donohue.....	.....	.....	Northern Transportation Co.....	Tug.....	June 1, 1916
Northern.....	.....	.....	Standard Oil Co.....	Oil barge....	Do.
	.....	.....	Northern Transportation Co.....	Tug.....	Dec. 1, 1916

AMERICAN BRIDGE CO., PITTSBURGH, PA.

.....	590	.....	Crucible Fuel Co.....	Coal trade....	Mar. —, 1916
.....	590	.....	do.....	do.....	.....
.....	590	.....	do.....	do.....	.....
.....	590	.....	do.....	do.....	.....
.....	590	.....	do.....	do.....	.....
.....	960	.....	Lehigh Valley R. R. Co.....	Car transfer	May —, 1916
.....	960	.....	do.....	do.....	June —, 1916
.....	960	.....	do.....	do.....	Do.
.....	960	.....	do.....	do.....	July —, 1916
.....	580	.....	do.....	do.....	Do.
.....	580	.....	do.....	do.....	Aug. —, 1916
.....	580	.....	do.....	do.....	Do.
.....	160	.....	Smith-Hippen Co.....	Grain.....	May —, 1916
.....	38	.....	F. D. Stout.....	Pleasure....	Feb. —, 1916
.....	1,350	.....	Morgan's Louisiana & Texas R. R. & S. S. Co.	Car transfer	Aug. —, 1916
.....	310	.....	Rogers Sand Co.....	Sand.....	June —, 1916

Total, 16 vessels of 10,388 gross tons.

MANITOWOC SHIPBUILDING CO., MANITOWOC, WIS.

.....	300	10	Bay State Fishing Co., Boston, Mass.	Trawler....	May 15, 1916
.....	300	10	do.....	do.....	June 15, 1916
.....	300	10	do.....	do.....	July 15, 1916
Geo. A. Wallace, Jr.	100	9	City of Cleveland.....	Fire boat...	May 15, 1916

Total, 4 vessels, of 1,000 gross tons.

AMERICAN SHIPBUILDING CO., CLEVELAND, OHIO.

			<i>At Lorain (Ohio) yard.</i>		
No. 713.....	7,000	10	Interlake Steamship Co.....	Freight....	Spring, 1916
No. 714.....	7,000	10	Pittsburgh Steamship Co.....	do.....	Do.
No. 715.....	7,000	10	Herbert K. Cakes.....	do.....	Do.
No. 716.....	7,000	10	Pittsburgh Steamship Co.....	do.....	Do.
No. 717.....	6,400	9½	M. A. Hanna & Co.....	do.....	Do.
No. 718.....	7,200	11	Carl D. Bradley.....	do.....	1917 delivery
			<i>At Cleveland yard.</i>		
No. 459.....	2,100	9½	A. H. Skaugaards.....	do.....	Spring, 1916
No. 460.....	2,100	9½	Arthur Mathiesen.....	do.....	Do.

SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE. 45

Steel merchant vessels under construction or under contract on Feb. 1, 1916—Continued.

AMERICAN SHIPBUILDING CO., CLEVELAND, OHIO—Continued.

Vessel.	Gross tonnage.	Speed.	Owner.	Trade.	Probable date of launch.
		<i>Knots.</i>	<i>At Detroit yard.</i>		
No. 195.....	2,100	10	Geo. Hall Coal Co.....	Freight....	Spring, 1916
No. 196.....	2,100	9½	A. O. Lindvig.....	do.....	Do.
No. 197.....	2,100	9½	do.....	do.....	Do.
No. 198.....	2,100	9½	Erling Lund.....	do.....	Do.
			<i>At Chicago yard.</i>		
No. 79.....	2,100	9½	Erling Lund.....	do.....	Do.
			<i>At Superior (Wis.) yard.</i>		
No. 524.....	7,000	10	Roy M. Wolvin.....	do.....	1916 delivery

Total, 14 vessels of 63,300 gross tons.

THE HERRESHOFF MANUFACTURING CO., BRISTOL, R. I.

Mariette.....	178		J. F. Brown.....	Pleasure...	Apr. —, 1916
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COWLES SHIPYARD CO., BUFFALO, N. Y.

No. 60.....	20	8	Harry J. Hutchings.....		Mar. —, 1916
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THE CHARLES BARNES CO., CINCINNATI, OHIO.

Australia.....	300	9	South Australian Government....	River im- pove- ment.	Fall, 1916
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HOWARD SHIPYARDS CO., JEFFERSONVILLE, IND.

	450		W. F. Mayo.....		
	500		Baton Rouge Transportation Co....	Ferry.....	
	550		Union Ferry Co.....	do.....	
	500		do.....	do.....	
	500		Amesville Ferry Co.....	do.....	
	900		L. & J. Ferry Co.....	Passenger..	
	1,200		I. N. Co. of New York.....	do.....	

Total, 7 vessels of 4,600 gross tons.

QUINTARD IRON WORKS CO., NEW YORK, N. Y.

Mary Chilton.....	900	17	Nantasket Beach Steamboat Co....		Apr. 1, 1916
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DUBUQUE BOAT & BOILER WORKS, DUBUQUE, IOWA.

No. 35.....	25		Evansville R. R. Co.....	Pass.....	Mar. 20, 1916
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STATEN ISLAND SHIPBUILDING CO., PORT RICHMOND, N. Y.

No. 675.....	178		Magnolia Petroleum Co.....	Towing....	Launched.
No. 676.....	178		Standard Oil Co.....	do.....	
No. 677.....	500		International Elevating Co.....	Elevator...	Feb. 5, 1916
No. 680.....	300		Pennsylvania R. R. Co.....	Strn. lighter	
No. 681.....	300		New York Central & Hudson	House bge.	
			River R. R. Co.		
No. 684.....	241		Lehigh Valley R. R. Co.....	Tug.....	

Total, 6 vessels of 1,697 gross tons.

46 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Steel merchant vessels under construction or under contract on Feb. 1, 1916—Continued.

BATH IRON WORKS, BATH, ME.

Vessel.	Gross tonnage.	Speed.	Owner.	Trade.	Probable date of launch.
		<i>Knots.</i>			
No. 69.....	300	29	P. N. Rouse.....	Yacht.....	Apr. —, 1916
No. 71.....	800			Car float.....	
No. 72.....	800			.....do.....
No. 73.....		26		Yacht.....	
No. 74.....		26		.....do.....

Total, 5 vessels of 1,900 gross tons.

UNION IRON WORKS CO., SAN FRANCISCO, CAL.

No. 123.....	7,100	11	Union Oil Co. of California.....	Oil tanker.....	Feb. 5, 1916
No. 124.....	8,100	11	Standard Oil Co. of California.....	.....do.....	July 5, 1916
No. 125.....	7,100	11	Standard Transportation Co. of Delaware.....	.....do.....	Aug. 5, 1916
No. 126.....	6,430	11	Rolph Navigation & Coal Co.....	General cargo.....	Apr. 1, 1916
No. 127.....	9,728	16	Matson Navigation Co.....	Cargo and passenger.....	Nov. 4, 1916
No. 128.....	8,100	11	Standard Oil Co. of New York.....	Oil tanker.....	Aug. 12, 1916
No. 129.....	7,200	11	J. W. Van Dyke.....	.....do.....	Nov. 18, 1916
No. 130.....	7,200	11	.....do.....	.....do.....	Dec. 16, 1916
No. 131.....	7,100	11	Vacuum Oil Co.....	.....do.....	Jan. —, 1917
No. 132.....	6,200	11	Walker-Armstrong Co.....	General cargo.....	Oct. 2, 1916
No. 133.....	6,200	11	Rolph Navigation & Coal Co.....	.....do.....	Do.
No. 134.....	10,500	11	Standard Oil Co. of New Jersey.....	Oil tanker.....	Jan. 2, 1917
No. 135.....	10,500	11	.....do.....	.....do.....	Feb. 2, 1917
No. 136.....	6,200	11	Standard Transportation Co. of Delaware.....	General cargo.....	Nov. 25, 1916
No. 137.....	6,200	11	.....do.....	.....do.....	Do.
No. 138.....	6,200	11	(Not given).....	.....do.....	Jan. 25, 1917
No. 139.....	6,200	11	(Not given).....	.....do.....	Do.
No. 140.....	7,200	11	Wilhelm Jebsen.....	Oil tanker.....	Mar. 5, 1917
No. 141.....	7,200	11	(Not given).....	.....do.....	Do.

Total, 19 vessels of 140,658 gross tons.

TOLEDO SHIPBUILDING CO., TOLEDO, OHIO.

No. 131.....	1,700	7	Smith Shipping Co. (Inc.).....	Freight.....	Apr. 1916
No. 132.....	1,700	7	.....do.....	.....do.....	Do.
No. 133.....	1,700	7	.....do.....	.....do.....	May, 1916
No. 134.....	1,700	7	.....do.....	.....do.....	June, 1916
No. 135.....	1,700	7	.....do.....	.....do.....	July, 1916
No. 136.....	1,700	7	.....do.....	.....do.....	Aug. 1916
No. 137.....	7,700	10½	Great Lakes Steamship Co.....	.....do.....	Do.

Total, 7 vessels of 17,900 gross tons.

CHICAGO SHIPBUILDING CO., CHICAGO, ILL.

No. 79.....	2,100	9½	For Norwegian interests.....	Passenger and freight.	June, 1916
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MOORE & SCOTT IRON WORKS, OAKLAND, CAL.

No. 108.....			For French owners.....	Hopper barge.	
No. 109.....	5,000		Rolph Navigation Co.....	Cargo.....	
No. 110.....	6,000		Port Costa Steamship Co.....	.....do.....	

Total, 3 vessels of 10,000 gross tons.

JAMES REES & SONS CO., PITTSBURGH, PA.

.....			For foreign owners.....	River.....	May, 1916
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SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE. 47

merchant vessels under construction or under contract on Feb. 1, 1916—Continued.

CLINTON SHIPBUILDING & REPAIR CO., PHILADELPHIA, PA.

Vessel.	Gross tonnage.	Speed.	Owner.	Trade.	Probable date of launch.
		<i>Knots.</i>			
	560		Newton Supply Co.....	Holster.....	Feb. 15, 1916
			James J. McNally.....	Coastwise..	June 1, 1916

2 vessels of 560 gross tons.

GREAT LAKES ENGINEERING WORKS, DETROIT, MICH.

	500	10	Merritt & Chapman.....	Wrecking tug.	
	8,000	10	Pittsburgh Steamship Co.....	Freight.....	
	4,810	10	Wyandotte Transportation Co.....	do.....	
	2,480	10	Adler (Inc.).....	Coast collier.	
	2,500	10	Clyde Steamship Co.....	Coast freight	
	2,500	10	do.....	do.....	
	1,710	10	J. L. Crosthwaite.....	Lake and coast.	
	2,480	10	Adler (Inc.).....	Coast collier.	
	2,200	10	Argentina Government.....	Oil.....	
	2,550	10	do.....	Coast collier.	
	2,550	10	do.....	do.....	
	7,700	10	do.....	Bulk freight	Spring, 1917
	2,550	10	do.....	Collier.....	Do.

13 vessels of 42,530 gross tons.

UNITED ENGINEERING WORKS, OAKLAND, CAL.

	3,500	9	For European owners.....	Freight....	Sept. 1, 1916
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THE PUSEY & JONES CO., WILMINGTON, DEL.

	328		Pennsylvania R. R. Co.....	Freight....	Dec. 29, 1915
	328		do.....	do.....	Jan. 29, 1916
	328		do.....	do.....	Feb. 29, 1916
hur.	100		Philadelphia & Reading R. R. Co.	Towing.....	Mar. 1, 1916
	300		W. & A. Fletcher Co.....	do.....	Apr. 6, 1916
	300		Not given.....	do.....	

6 vessels of 1,684 gross tons.

TAMPA FOUNDRY & MACHINE CO., TAMPA, FLA.

	2,000		Central Hudson Steamboat Co....		
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Secretary REDFIELD. This shows that the merchant tonnage now being constructed is considerably more than double the amount of any previous year in the history of the country, and it is nearly seven times as much as the amount which was built July 1, 1914, just before the outbreak of the European war. The construction for the Navy, or other branches of the Government, however, is not as much as in 1913 and 1914, and therefore the progress in merchant construction is doubly noteworthy.

The Commissioner of Navigation says:

WAR LOSSES OF SHIPPING.

FEBRUARY 9, 1916.

The most complete statement of the losses of ships during the war has been carried from week to week in *Fairplay*, a recognized standard British weekly shipping publication. Each week since early in the war this paper has published a list of vessels reported during the week as sunk by submarines, mines, war ships, etc. The issue of *Fairplay* for January 13 reports the tonnage lost up to that date at 1,816,001 gross tons. This includes ships under all flags, neutral as well as belligerent, both of the allies and the German combination. The number is not stated, nor is it very important, as it includes hundreds of small trawlers and fishing vessels sunk in the North Sea. As the lost vessels are reported by name from week to week, if it were worth while the total number could be counted up. Some of the vessels reported in this tabulation were doubtless lost through ordinary causes and, of course, it is possible that some war losses have not been included, though the effort has evidently been made to make the statement complete. I believe, therefore, that you would be safe in saying that the shipping absolutely destroyed since the beginning of the war in round numbers is approximately 1,800,000 gross tons.

London Syren and Shipping for January 5 devotes several pages to British ships which have been lost through the war, and summarizes these losses as follows:

	Gross tons.
British shipping interned in German ports.....	172,554
British shipping captured by the Turks.....	11,570
British shipping sunk prior to February 18, mainly by enemy cruisers....	272,488
British shipping sunk since the blockade was declared, missing vessels, etc.	762,534
Total.....	1,219,146

The same issue of *Fairplay*, to which I have already referred, states that the total German vessels captured or sunk by the allies number 537, of 1,263,539 gross tons. As you will recall, the allies have captured a number of German ships as prizes, but have sunk very few, except auxiliary cruisers such as the *Kaiser Wilhelm der Grosse*, the *Cap Trafalger* and similar vessels. In the British submarine blockade of the Baltic, however, between October 3 and November 2, 22 German merchant ships were sunk, besides several captured. The loss of Scandinavian ships in the so-called war zone has been very heavy.

E. T. CHAMBERLAIN,
Commissioner.

P. S.—For comparison, note that from ordinary causes the losses of shipping during 1913 amounted to 667,547 gross tons; in 1912, to 748,965 gross tons; in 1911, to 884,843 gross tons; 1910, 947,690 gross tons.

E. T. O.

Secretary REDFIELD. I will file with the committee a statement showing the comparison of vessels building in the United States on the 1st of July for each of the last 15 years, a statement showing the merchant vessels under construction abroad, and also a statement dealing with the war losses in shipping, which for the purposes of the record I will briefly state is placed by the recognized English standard paper, called *Fairplay*, at something in excess of 1,800,000 tons up to January.

(The statements follow:)

Merchant vessels under construction abroad.

	Sept. 30, 1910.	Sept. 30, 1911.	Sept. 30, 1912.	Sept. 30, 1913.	June 30, 1914.	1915-16.
Austria-Hungary	38,620	50,117	66,000	68,734	92,767	.....
Belgium	5,250	9,414	16,680	14,827	5,792	.....
British colonies	10,133	2,586	11,186	36,923	36,574	.....
China		6,146		5,114		.....
Denmark	525	15,645	22,578	25,257	25,671	(*)
France	91,428	125,160	119,618	249,595	226,779	(*)
Germany	139,117	273,185	467,763	535,555	547,050	.....
Greece	500	490		361		.....
Holland	44,153	74,256	103,080	128,730	116,137	(*)
Italy	11,233	19,245	45,393	56,126	69,098	(*)
Japan	37,112	22,038	48,219	64,905	91,510	(*)
Norway	21,151	18,145	33,786	41,746	38,776	(*)
Portugal	700	220				.....
Russia			1,010	12,128	20,667	.....
Spain	7,082	3,838	6,300	2,830	4,429	.....
Sweden	10,950	4,740	12,740	16,665	17,001	.....
United Kingdom	1,154,197	1,446,317	1,846,829	1,987,254	1,722,128	1,506,925
Total United Kingdom and colonies	1,164,330	1,448,903	1,858,015	2,024,177	1,758,702	.....
Other countries	407,819	622,639	943,167	1,222,573	1,255,677	.....
Grand total	1,572,149	2,071,542	2,801,182	3,246,750	3,014,379	.....

* Fully employed for two or three years.

* Almost wholly engaged in naval work.

* Filled with orders up to 1917-18.

* Short of coal.

* Busy with naval and merchant work.

* Yards full; sending orders to United States.

Comparison of steel vessels building in the United States, 1900-1915.

Date.	Merchant.						Government.		Total.	
	Lake.		Seaboard.		Total.					
	Num- ber.	Gross tons.	Num- ber.	Gross tons.	Num- ber.	Gross tons.	Num- ber.	Displace- ment.	Num- ber.	Tons.
Aug. 15, 1900	20	70,119	48	207,561	68	277,680	47	113,329	115	391,009
June 15, 1901	26	81,780	63	273,865	89	355,645	71	281,148	160	636,793
July 1, 1902	39	124,537	65	222,949	104	347,486	67	269,890	171	617,376
July 1, 1903	30	103,020	58	146,655	88	255,675	47	334,147	135	589,822
July 1, 1904	1	400	56	94,588	57	94,988	38	331,435	95	426,423
July 1, 1905	27	104,067	49	86,836	76	190,903	39	308,702	115	499,605
July 1, 1906	33	175,472	78	159,299	111	334,771	29	237,814	140	572,585
July 1, 1907	50	253,949	84	149,524	134	403,473	45	151,993	179	555,466
July 1, 1908			13	14,775	13	14,775	82	136,091	95	150,866
July 1, 1909	13	41,395	52	127,453	65	168,848	52	164,184	117	333,032
July 1, 1910	36	59,692	63	86,075	99	145,767	45	184,096	144	329,863
July 1, 1911	53	71,769	26	28,626	79	100,395	130	119,449	209	219,844
July 1, 1912	51	78,353	80	192,960	131	271,313	85	234,923	216	506,236
July 1, 1913	63	40,849	71	169,540	134	210,429	123	230,673	257	441,102
July 1, 1914	17	39,337	24	104,631	41	143,968	58	142,910	99	286,878
July 1, 1915	14	15,951	62	294,138	76	310,089	69	190,790	145	500,879

The CHAIRMAN. Loss of British shipping?

Secretary REDFIELD. All shipping. Of course that does not include any interned shipping.

Then I have also a statement here of the requirements of the Italian law as regards licenses for shipping trade, which may be of some interest to the committee.

(The statement follows:)

[Ps. 23-25, hearing before a subcommittee of the Committee on Commerce United States Senate, 63d Cong., 2d sess., on S. J. Res. 112, S. 6976, and S. 7038, "To promote safety of navigation on water," Thursday, June 6, 1912.]

LICENSE FOR TRADE.

The essential parts of the Italian emigration act of 1901, so far as they have a bearing on the first three sections of S. 6976, are found in article 13 of that law. That article provides for the license of a person or corporation to engage in the emigration business, provided he can furnish transportation through: (a) Italian steamship company; (b) foreign steamship companies; (c) Italian steamship owners, either an individual or several furnishing different ships; (d) foreign shipowners, chartering to Italians or foreigners. The text of the law then provides:

"ART. 13. * * * (d) The articles of incorporation of foreign steamship companies shall be recorded upon paying a fixed duty of 500 to 3,000 lira, in proportion to their capital stock. (Lira-franc=19.4 cents, United States.)

"Any authorization which shall increase such capital stock shall be recorded on payment of a fixed duty, the amount of which shall be determined proportionately to the duty paid for the registration of the deed of incorporation, in proportion to the original capital stock of the company.

"Foreign companies, owners, and charterers shall be licensed only on condition that they appoint as their representatives an Italian subject residing in the Kingdom, or an Italian firm legally constituted, and provided they submit to the laws and by-laws of the Kingdom, and to all subsequent amendments thereto.

"Such license shall hold good for 12 months and may be renewed subject to the payment each year of a duty of 1,000 lira, and a security of not less than 3,000 lira in Government bonds, as may be determined by the foreign office, in proportion to the importance of the business it may cover.

"The application for the granting of such a license implies the acceptance of all the obligations imposed on the carrier by this law.

"The foreign office after hearing the council of emigration may by an official decree deny, limit, or withdraw such license.

"The security shall guarantee in the first place the carrying out of all the obligations assumed by the carrier and his representative toward the emigrants, and, secondly, the payment of all pecuniary penalties to which the carrier or his representative may be liable under this law. Such security shall be made good whenever it may have been impaired; if not made good the license shall be null and void. It shall be refunded, excepting when suit may be pending, six months after the carrier shall have ceased to act in this capacity."

The regulations under the act (Part III) provide, among other matters:

ART. 42. In order to obtain a license as carrier, steamship companies, syndicates of Italian owners, owners or charterers, in whose name the license is to be made out, shall send in their application to the commissioner general, indicating:

1. Name, gross and net tonnage, speed, and flag of the steamers which the applicant offers for the transport of emigrants, and the approximate number of emigrants that each steamer can carry.

2. The transoceanic voyages the applicant proposes to undertake and the usual ports of call.

3. The proposed price of passage, according to voyages and steamers, for the transport of ordinary passengers and of emigrants.

To this application must be attached also:

(a) Documents stating who is authorized to sign for the firm in matters referring to emigration and all obligations resulting therefrom in the case where the application is made by an Italian steamship company.

(b) Articles of incorporation duly registered, certificate from qualified harbor master stating what steamers the owners offer, and a certificate from the civil court naming the persons authorized to sign for the firm when the request is made by a syndicate of Italian steamship owners.

(c) An authentic copy of articles of incorporation, duly verified, when the application is made by foreign steamship companies.

(d) A certificate from the harbor master stating the qualification of the owner of the steamers named in the application if made by an Italian owner.

(e) A declaration from a competent foreign authority, duly verified, stating that the applicant manages the steamers named in the application if made by a foreign owner.

(f) The charter party for the ship, duly authenticated, when the application is made by an Italian or foreign charterer or by any company or owner who besides their own ships charter steamers for the transport of emigrants.

(g) An authentic copy of the articles of incorporation containing the members of the Italian firm who are authorized to sign for same, in the case of the latter having been appointed to act for a foreign company, owner, or charterer.

(h) All other documents that the applicant may consider useful in showing the reality and importance of the emigration business he intends to carry on.

Foreign companies, owners, or charterers shall also produce an authentic copy of the power of attorney, duly registered, nominating their special agent, who shall reside in Rome, Genoa, Naples, or in Palermo, as well as an undertaking to abide by Italian laws and regulations in all matters connected with emigration and resulting therefrom.

ART. 44. * * * When foreign carriers shall so request in their application, they shall have the option of depositing with the *cassa depositi e prestiti* in State bonds a special security guaranteeing the fulfillment of the law in force regarding the transport of passengers not classified as emigrants, as per article 91 of the Mercantile Marine Code, in the place of the one provided for by article 68 of the regulations approved by royal decree May 20, 1897, N. 178, and October 19, 1898, N. 454.

The amount of such guaranty shall be determined by the minister of marine and shall remain deposited until four months after the final transport of such passengers or until other action is taken on the part of the same minister which will release same.

ART. 46. In order to obtain a license as emigrant carrier, foreign companies shall pay for the registration of their articles of incorporation a fixed sum of 500 lire if their paid-up capital stock shall not exceed 5,000,000 lire. Above this the registration duty shall be increased by 100 lire for every additional million or fraction of a million capital stock.

* * * ART. 94. All steamers for which is made application to carry emigrants on trans-oceanic voyages, whether national or foreign, shall comply with the standard of seaworthiness as to speed, safety, internal fittings and apparatus prescribed by the law and the regulations of this act.

The emigrant carriers and the captains in command of the steamers shall be responsible for all infringements which may be made in respect of the conditions of the steamers. Such responsibility shall not be lessened by the fact of the ordinary or special inspections of the steamers by the Government authorities.

ART. 95. The said steamers shall pass survey and inspection of hull, engine, and boilers as per article 77 of the code for the mercantile marine.

Foreign steamers which shall only call at Italian ports provided they have been inspected in accordance with the laws of the countries to which they belong, and that such survey has been viséed by the Italian consul, shall not be required to be inspected in Italy.

ART. 97. * * * 1. There shall be at least one life belt for every emigrant and other person on board, and same shall be placed near the respective berths.

2. The lifeboats which the steamers are compelled to carry shall be placed under davits, completely ready to be put into the water, and corresponding in number and capacity to what is specified in table (G) (British table).

If the normal number of boats under davits shall not be sufficient to hold all persons on board, considering that each adult person or each couple of children from 1 to 10 years of age shall be allowed 10 cubic feet, additional boats in wood or metal, or life rafts, of a system approved by the commission mentioned in article 139 of the present by-law shall be added thereto.

* * * (The regulations cover about 100 pages, and cover sanitary details and many other matters.)

THE CHAIRMAN. That is in connection with the license features of this bill?

Secretary REDFIELD. Yes. The vessels which are now being constructed in this country are divided as follows: Sixty-four tankers, 71 cargo boats, 10 passenger and cargo boats, 16 colliers, 19 car floats, and 50 of other classes, a total of 230, amounting to 901,471 gross tons.

Nearly half of the tonnage is made up of oil tankers. The General Board of the Navy, in their statement as to the vessels necessary to

support our fleet, put no limit on the number of oil vessels required as auxiliaries for the Navy, stating that they desire "as many as possible." The number of colliers desired to keep the Navy up to its present size in time of war would be 250.

The geographical distribution of the tonnage now building is as follows: The Delaware, 65 vessels, 292,000 gross tons; the Chesapeake, 43 vessels, 221,000 gross tons; Pacific coast, 31 vessels, 173,000 gross tons; Great Lakes and rivers, 64 vessels, 142,000 gross tons; New England, 19 vessels, 68,000 gross tons; others, 8 vessels, 4,000 gross tons; making an aggregate of 230 vessels and 901,000 tons. Of these 16 are over 10,000 tons; 33, 7,000 to 10,000 tons; 47, 5,000 to 7,000 tons; 10, 4,000 to 5,000 tons; and 16, 4,000 to 5,000 tons.

There is one yard which is advertising that it can fill an order for a vessel in the last quarter of 1916, the present year (that means in December); another ship in two months thereafter and another in two months thereafter and another in two months thereafter. This is the most daring statement that I have seen. It comes nearer to the present time than any other yard. This is a new yard, just organized to build standardized ships all alike, and with that exception—and that exception is not likely to last many days—I doubt if it is possible to obtain a ship in this country, at least until the latter part of 1917.

Our department is now building vessels in Boothbay Harbor, Me.; Wilmington, Del.; Jacksonville, Fla.; Long Beach, near Los Angeles, Cal.; Seattle, Wash.; and Manitowoc, Wis. We have thus had to scatter our requirements in that way in order to get ships constructed at all. The condition of the ship-building industry in this country is that of very serious congestion, and will be for a great while to come.

Now, Mr. Chairman, the present situation is quite as remarkable for certain novel developments in the merchant marine as it is for its extraordinary activities. In the early part of last year, I am glad to say, through the assistance of one of our commercial attachés, the Spanish market for coal was opened to the United States, and a market which takes 3,000,000 tons a year became available for the first time to us. We were at once faced with the fact that we could not get the coal carried. Incidentally, it may be of some importance to note that one of the ocean fleets that are building now is for a coal company. I took up the question with the American Bureau of Shipping, which as you know is perhaps our most severe classification society, and which represents the great marine insurance companies, as to whether the well-known New England coast schooners could be used in the trans-Atlantic trade. I was assured at first that they could not get insurance and so could not be used. In answer to my question as to whether they were not the cheapest known ocean carriers for bulk trade for long distances they told me that they were. There was nothing as cheap. And to make the story short, after some negotiations they did arrange to insure the big wooden schooners south of the line from Cape Finisterre to Chesapeake Bay. We have been sending out those vessels, carrying 4,000 or 5,000 tons of coal each, to Spain from Chesapeake Bay. We could send more, however, if we had them. That led me to ask these gentlemen why if the American coast schooner was the cheapest known carrier of bulk freight we didn't build steel schooners, and why we didn't put into

internal-combustion engines which would drive them at low speed, and if they would not be, when thus made, the cheapest ocean carriers in the world. On consideration they answered in the affirmative. The correspondence is here. The matter dropped until last fall. Last fall the firm of Cox & Stevens in New York designed a type of vessel on those lines, and very promptly thereafter the Smith Shipbuilding Co. of New York undertook their construction in the yard of the Toledo Ship Building Co., placing a contract for two of these vessels at first, with the privilege of taking two more, and then taking the two, and then shortly after taking two more, so that there are under construction in that yard six of this new type of vessel, of which the drawings are here.

Mr. EDMONDS. For ocean work?

Secretary REDFIELD. For ocean work, transoceanic service.

Mr. EDMONDS. How would you get them through?

Secretary REDFIELD. Through the Welland Canal. They are built several feet short of the canal-lock length in order to get through the Welland Canal. I am so interested in this development of this ocean work that I had our superintendent of marine construction, Mr. E. C. Gillette, go to the Toledo yards and look into the matter himself. He reported favorably to me on the construction of the vessels and gave an estimate of their operating cost, and that statement by him, as of December 9, I shall be very glad to place in the hands of the committee.

(The statement referred to follows:)

DECEMBER 9, 1915.

Toledo Shipbuilding Co. has contract and will construct 6 auxiliary steel schooners, each having 4 masts, 400 horsepower Bolinder internal-combustion propelling engine and steam boiler for auxiliary winches, etc.

Contract will amount to about \$225,000 for each boat completed, but their contract price is for the hull and installation of machinery, which is to be furnished by the owners. Engines cost \$16,000 each, or \$40 per horsepower, plus other steam winches, boilers, etc.

Vessels are: Length over all, 261 feet; beam, 43 feet 6 inches; depth, 23 feet 6 inches; displacement at 18 feet draft in salt water, 4,300 tons; cargo capacity, 3,000 tons. (One thousand tons of steel in vessel.)

Calculations are for a steaming radius of 3,000 miles.

They built similar vessels in 1912, same length and beam, but 27 feet 6 inches deep, for \$211,000, fitted with steam propulsion of 1,200 horsepower, which were put in complete, boilers, engines, auxiliaries, etc., at a total cost of \$30 per horsepower. Ten per cent should be added for increase in cost of material approaching approximately \$230,000. Mr. Calder says cost of vessels about same comparing steam with oil propulsion on account of extra cost of sails, masts, auxiliary gear, and machinery.

If vessels can be run between ports where oil is obtainable, the oil-propelled is probably cheaper, but builders question reliability of oil engines. Crew about same; reduced engine-room force offset by extra men needed to handle sails.

1200 horsepower steam.
1½ pounds coal per horsepower hour.

8 knots per hour) 3000 miles.

375

1800 pounds coal per horsepower hour.
375 hours steaming.

9000
12600
5400

2240/675000 (301 tons coal consumed.

6720 \$2.50 cost coal per ton on Lakes.

3000 \$752.50 cost coal for 3000 miles=25 cents per mile.
2240

400 horsepower oil engine, at $\frac{1}{2}$ pint per horsepower=25 gallons per hour.

375 hours.

25

1875

750

42 gallons=1 barrel) 9375 gallons consumed (223+

84

97

84

135

126

9

224 barrels oil consumed, at \$1 per barrel=\$224; cost of oil for 3000 miles full power=\$0.074 $\frac{1}{2}$ per mile.

The builders suggest obtaining a prospectus from the Smith Shipping Co., 116 Broadway, N. Y., the owners of the boats to be built.

Builders do not know the complement of the crew, but would say offhand:

1 captain, estimated.....	\$175
3 mates, 1 at \$100, 2 at \$80.....	260
3 quartermasters, estimated, \$35.....	105
3 engineers, estimated, 1 at \$125, 2 at \$90.....	305
3 oilers, estimated, \$40.....	120
9 sailors, \$30.....	270
5 galley-men, estimated, 1 at \$50, 2 at \$35, 2 at \$25.....	170

27 Total.....per month.. 1,405

E. C. GILLETTE.

Mr. HARDY. Will you give us the dimensions and tonnage of those vessels?

Secretary REDFIELD. About 3,000 tons cargo capacity, Judge Hardy, and the vessels are 261 feet long over all, 43 feet 6 inches beam, 23 feet 6 inches in depth, with a light draft of 10 feet and a loaded draft of about 18 feet. They are very powerful cargo carriers.

Mr. EDMONDS. What machinery, Mr. Secretary?

Secretary REDFIELD. The machinery is the Bolinders oil engine, and if my understanding of it is correct that engine uses 0.55 of a pint per horsepower-hour, costing not more than 2 $\frac{1}{2}$ cents per gallon.

Mr. HARDY. Is there any reason why they can't build vessels of a larger type of that style?

Secretary REDFIELD. No, sir; none that I know.

Mr. EDMONDS. Do you have the cost?

Secretary REDFIELD. \$225,000. They were offered a premium over that.

Mr. EDMONDS. That includes engines and everything?

Secretary REDFIELD. As I recall it, these vessels in comparison with the cheapest type of Norwegian vessel, are operated in the proportion of 15 to 25 or 40 per cent less.

But we found on going to the Pacific coast—Mr. Gillette went there at my request—that this same type of vessel had already been developed there on a larger scale. I will give you the drawings of those ships on the Pacific coast. These are larger vessels, 270 feet in length, and built for lumber, carrying 2,500,000 feet each, and being 47 feet breadth of beam. This drawing, also, I am very glad to leave with the committee and to call your attention to the fact that

this one is a very handsome ship, and that since we got that drawing a few weeks ago five of them have been put under construction. There are, therefore, now 11 of this new type of vessel, which was in its present form unheard of so far as my knowledge goes up to the 1st of October. There are 11 under construction now, steel schooners with the internal-combustion oil engine, which is a well-known type of engine. This drawing [indicating] which I have here will illustrate the novelty of the type of ship more than anything else because of the very heavy steel construction which is shown there, intended for ocean work.

I have here also a letter from Seattle, dated December 26, 1915, speaking of what can be done with a wooden vessel of this type in the trans-Pacific trade to Sydney, Australia, carrying a cargo to Sydney, going to New Castle for coal, and coming back. The entire cost of operation and of construction is here in this statement. I will file it with the committee for their information. I simply want to point out to the committee that this estimate of the cost of operations which was sent in to me voluntarily points out that on a total expense for the round Pacific voyage of \$15,473 there were net earnings of \$29,176.

(The letter follows:)

SEATTLE, WASH., December 26, 1915.

MR. E. A. BRAND,
Assistant Chief of Bureau of Foreign and Domestic Commerce,
Department of Commerce, Washington, D. C.

DEAR SIR: Thinking that the data might be of use to you there, I am taking the liberty of inclosing copy of an estimate of the cost of construction and operation of a wooden auxiliary oil motor powered sailing lumber schooner, similar to those planned by the Canadian interests.

The figures given on the cost of construction and outfitting have been carefully compiled by the most expert man in the wooden hull construction line on the Pacific coast and take into full consideration the greatly increased cost of materials since November 1.

Those given on the cost of operation are taken from the actual operation of similar vessels already in long service under varying conditions, and those dealing with the lumber end have been secured and checked by experts here, being based upon actual performances. Hoping to be of service, I am,

Yours, very respectfully,

P. L. BELL.

Vessel: Dimensions, 250 by 44 by 17 feet (depth of hold); wooden hull, heavy construction; material, fir with galvanized fastenings; rigged, fore-and-aft 4-masted bald-headed schooner; 1 deck; engines, two 160 brake horsepower direct reversible, model M12 cylinder.

Bolinder fuel-oil motors, marine type.

Speed, average, with engines fully loaded, $7\frac{1}{2}$ to 8 knots per hour.

Gross tonnage, 1,400; net tonnage, 1,250.

Dead weight carrying capacity, 2,000 tons; lumber carrying capacity, 1,500 feet b. m.

Cost of hull, spars, ironwork, sails, rigging, anchors, chains, etc.....	\$82,500
Cost of engines.....	23,500
Cost of propellers, stern gear, shafting, etc.....	1,250
Labor installing, piping, pumps, whistle, etc.....	2,000
Fuel tanks—750 barrels, 31,500 gallons, 120 tons, giving cruising radius of 56 days of 24 hours with engines alone, vessel fully loaded, or, with efficiency of sails added (25 per cent), 70 days—tanks cost installed, inspection requirements.....	3,750
Water tanks, 100 barrels, installed.....	500
1 gallon fuel oil, 7.58 pounds; 1 barrel fuel oil, 42 gallons; 1 barrel fuel oil, 320 pounds; 1 ton fuel oil, 6.25 barrels.	
2 double drum friction winches, anchor hoist, bilge pump, installed, either steam or oil motor power.....	4,000
Auxiliary engine, lights, dynamo, wiring, etc.....	1,000

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Miscellaneous equipment, nautical instruments, bedding, stores, etc., spare lines and gear.....	\$6,000
Total cost ready for sea.....	125,850

Engine room and operating expense.

Fuel consumption guaranty, 12 gallons per hour, cost.....	\$0.26
Lubricant, per hour, cost.....	.06
Cost per hour, one engine.....	.32
Cost per hour, twin engine.....	.64
Cost per 24 hours.....	15.36
Cost per month.....	460.80
Less 25 per cent efficiency of sails.....	115.20
Actual cost of operation per month.....	345.60
Fuel oil at \$1 per barrel of 42 gallons; lubricant at 41 cents per gallon.	

Engine room crew and supplies.

1 chief engineer.....	\$111.00
1 first assistant engineer.....	90.00
1 second assistant engineer.....	75.00
Provisions, 30 days.....	60.00
Supplies, paint, grease, etc.....	10.00
	345.00
Food, per day per man.....	.65
Food, per month per man.....	30.00
Food, per month, 11 men.....	220.00
Supplies.....	10.00
	230.00

Crew.

1 captain.....	125.00
1 mate.....	100.00
1 mate.....	75.00
1 cook.....	50.00
1 boy.....	25.00
Engine-room force.....	345.00
6 sailors, at \$50.....	300.00
Supplies.....	230.00
Expenses per month in port, loading and discharging.....	1,250.00
Expenses, engines per month.....	345.00
Total expense per month at sea, running time.....	1,595.00
Expenses per day in port, loading and discharging.....	41.65
Expenses per day at sea, running time.....	53.20
Depreciation, 5 per cent on \$125,850.....	6,292.50
Depreciation, per month.....	524.35
Insurance, 7 per cent.....	8,809.50
Insurance, per month.....	734.10
Insurance liability, 1½ per cent.....	1,887.75
Insurance liability, per month.....	157.30
Repairs, per year.....	2,500.00
Repairs, per month.....	208.35
Total per year.....	19,639.75
Total per month.....	1,640.80
Total per day.....	54.70

Port and canal charges.

Canal tolls.....	per net ton..	\$1. 20
Canal pilotage.....	per foot draft..	1. 00
Pilotage. New York, Norfolk, Sydney.....		
Harbor dues, buoy charges, etc., according to port.....		
Stevedoring:		
Puget Sound mill points, contract price.....	per M feet..	. 85
Sydney, discharging lumber.....	do....	. 60
New Orleans, discharging lumber.....	do....	. 60
Sydney, coal, loading.....	per ton..	. 60
Sydney, coal, trimming.....	do....	. 20
Norfolk, coal, trimming.....	do....	. 30
Norfolk, coal, loading.....	do....	. 08
Seattle, coal, discharging.....	do....	. 40
Victoria, coal, discharging.....	do....	. 60
Seattle, lumber, loading.....	per M feet..	1. 35

Estimate of cost per thousand feet lumber, round trip to Sydney with lumber and return with coal from Newcastle, New South Wales.

Distances:		
Seattle to Port Townsend.....	miles..	40
Port Townsend to Sydney.....	do....	6, 786

Total distance.....do.... 6, 826

NOTE.—Vessel equipped with two sets double drum friction winches and hatches arranged to load 250 M feet of lumber per day. This calculation is based upon working intensity, and does not take into consideration the time lost waiting for lumber to be delivered alongside by the mill.

Seattle to Sydney: Distance, 6,826 miles, at 192 knots per day; speed maintained, 8 knots per hour.....	days..	36
Loading 1,500 M feet of lumber, 250 M feet per day.....	do....	8
Discharging.....	do....	6
Total.....	do....	14

14 days, at \$41.65 per day.....	\$583. 10
36 days, at \$53.20 per day.....	1, 915. 20
Pilotage, Sydney, 4 cents per net registered ton (1,250).....	50. 00
Wharfage, Sydney, 1 cent per net registered ton (1,250) per day.....	75. 00

Discharging, Sydney, 1 cent per net registered ton (1,200) per day.....	75.00
Stevedoring:	
Loading, Puget Sound, 85 cents per M feet.....	1,270.00
Discharging, Sydney, 60 cents per M feet.....	900.00
Delay, four days, at \$41.65.....	166.60
Harbor and light dues, 8 cents per net registered ton.....	100.00
General agency and customs.....	50.00

Managing agency fees, 2½ per cent on 1,500 M feet, at 90/s.....cond..	5, 109. 90
	821. 25

Total expense..... 5, 931. 15

Cost of laying down 1,000 feet of lumber, Sydney.....	3. 95
Plus insurance, depreciation, and repairs, 54 days, at \$54.70 (\$2,953.80)...	5. 92

Sydney to Newcastle, 1 day, at \$53.20.....	53. 20
Pilotage, 2 cents per net registered ton light.....	25. 00
Harbor and light dues (six months).....	100. 00
General agency and customs.....	50. 00
Loading coal, 2,000 tons at 10 cents.....	200. 00
Trimming coal, 2,000 tons, at 20 cents.....	400. 00
Delay, 2 days, loading 1, at \$41.65.....	124. 95
36 days, at \$53.20.....	1, 915. 20
Discharging, Seattle, at 40 cents per ton.....	800. 00

Discharging 5 days, at \$41.65 (\$208.25).....	3, 668. 35
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3, 876. 60

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Cost of laying down 1 ton of coal at Seattle.....	\$1. 83
Plus insurance, depreciation, and repairs, 45 days, at \$54.70.....	3. 17
Agency fees of 2½ per cent, conditional.....	

Earnings:	
1,500 M feet of lumber at 90/s (\$23.10).....	34, 650. 00
2,000 tons of coal, at \$5 per ton.....	10, 000. 00
Total earnings.....	44, 650. 00

Total expenses:	
Voyage out with lumber, plus insurance, etc.....	8, 884. 95
Voyage back with coal, plus insurance, etc., and agency fee.....	6, 588. 10
Total expense.....	15, 473. 05

Net earnings.....	29, 176. 95
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Time for round trip, 99 to 100 days; 3 round trips per year. Approximately net income of vessel per year, \$90,000.

NOTES.—When considering speeds, it should be borne in mind that the Bolinder engine is rated on brake horse power and not on "indicated horse power" nor the theoretical rating of the gas engine. The rating of this engine means the effective power delivered on the tail shaft. Notice size of screws fitted to the twin 160-brake horse-power engines in the *Fingal*.

It will be readily seen that this estimate depends upon the ability of this vessel to maintain an average speed of 8 knots an hour. Such a vessel, equipped with these economical and reliable fuel-oil motors, occupying small space, not exceeding from 3 per cent to 4 per cent of the entire hold space—the fuel tankage required not exceeding 200 tons—is able to do this, as has been shown by the actual operation of some 30 and more large vessels thus equipped and in operation for some time.

There is absolute proof that such a vessel thus equipped and as herein described can maintain an average speed of 8 knots throughout a voyage, combining the sail power with that of the engine, the sails having been found to be from 20 per cent to 35 per cent efficient, according to the rig and voyage.

This calculation gives coal as the return cargo from New South Wales, as cargoes of coal can always be had, and as it also shows a minimum rate in order to make this calculation conservative.

To convey some idea of what is being done in this line we call attention to the number of vessels now under construction in the United States of this character.

Add salary of captain and one engineer during repair period of the year.

Secretary REDFIELD. The expense of running the ship is there included, so that in this respect we are facing an entirely novel condition in our merchant marine in constructing a new type of ships, developed out of old types.

That is, however, not the most remarkable feature that awaits the United States, if we act with reasonable promptness at this time. I should hesitate to make a statement which I am about to lay before the committee if it did not come from an authority which will hardly be questioned, and it is so important in the future of American shipbuilding that, as I suggested, I will venture to read it if I have the chairman's permission.

AMERICAN BUREAU OF SHIPPING,
New York, January 22, 1916.

HON. WILLIAM C. REDFIELD,
Secretary Department of Commerce, Washington, D. C.

MY DEAR MR. SECRETARY: As you are not likely to be in this city prior to February 23, and knowing your sincere desire to facilitate the development of American commerce, I take the liberty of submitting the following for your kind consideration.

* * * * *

The present type of construction has brought about a ship of a comparatively square bilge supported internally by margin plates of the double bottom, which in turn

accommodates any accumulation of bilge water and concentrates its flow to whatever type the pumping system may be adapted.

This class of construction requires the cutting of all frames at the bilge and uniting them with the floors by means of gusset plates, thus doing away with the expensive and cumbersome method of bending frames in one piece from keel to gunwale. All of the members, therefore, of the modern ship anticipates comparatively straight pieces with the exception of the stem, cant frames, and stern frame.

It is, therefore, now possible to readily ship on flat cars or by water transportation, all the members ready for assembling of any vessel of the type herein referred to.

The best method of construction now anticipates the punching of all rivet holes from one-sixteenth inch to one-eighth inch scant, preparatory to the members being assembled when the punch holes of scant diameter are reamed with pneumatic tools, after the plates and members are assembled and service-bolted; all riveting being done with pneumatic holders on and pneumatic riveters, preceding which all holes are reamed by pneumatic tools and are therefore made fair in position. Two men with one of these reamers will ream and make fair to standard sizes, from 1,400 to 1,600 holes a day.

Secretary REDFIELD. The description follows closely the construction of steel-frame buildings.

With these conditions before us it seems to me that the time has arrived when great steel companies should undertake the preparation and fabrication of cargo ships complete, in batches of at least 10 of a kind, to be reassembled and riveted up on our river, lake, or seacoast in the same way and manner in which such companies are now supplying the members for elevated railroads and bridge construction; the plates for such vessels first to be approved by the classification society representing the underwriting interest, which in turn would insure the lowest rates of insurance on the vessel when constructed under superintendence and survey.

Several shipyards in existence on the line of the Ohio and Mississippi Rivers could thus be utilized to great advantage in assembling vessels of the type referred to, which would insure the utilization of a type of labor of the greatest value at seasons when not properly employed in agriculture.

I incline to the belief that the right type of man might take up this matter with some of the subordinate companies of the United Steel Co., and carry it through to a very successful issue; and the time and circumstances seem to be opportune for such an undertaking.

The model of such vessels should first be tested in the Governmental tank at Washington, which would give lines of least resistance in specific displacement.

Steam, reciprocating, turbine, or internal combustion engines could be contracted for on specific lines suitable to the vessels, during the progress of their construction and in this way standard units of commerce of assured excellence could be produced which would offer the greatest facility to owners, merchants or shippers, on assured lines of efficiency.

Should you kindly consider this brief outline worthy of consideration, it will furnish me great pleasure to facilitate any ideas which you may have upon the subject in the interest of all concerned.

Very truly yours,

E. PLATT STRATTON.

Secretary REDFIELD. The suggestion was of such original character that I submitted it at once to the naval constructor, Bureau of Light-houses, and he replied under date of January 29th, "I beg to state that I have considered the proposition as outlined therein, and in my opinion it is entirely feasible, provided that a suitable type of design of vessel to meet the commercial demand be settled upon," and the report proceeds in approval.

I then returned the matter to the American Bureau of Shipping and asked them if they would be kind enough to reconsider it with a great deal of care and advise me finally what I could with some confidence lay before this committee as a statement showing the possibilities in it as a method of constructing vessels. You are all aware, gentlemen, that the structural steel industry is an American industry. The buildings of Europe are not built of structural steel.

They do not build steel frame buildings, as we build them, in any other country. I say never, meaning very rarely, if ever. It is an American industry, which we have carried to a greater height of perfection than any other country, and if it is possible, as these practical gentlemen say, to utilize this method of constructing hulls, there is no country in the world prepared to compete with us in that way.

In response to my inquiry I received this letter, dated February 8, of which I will read a brief portion:

If any one of the great steel companies of this country could be induced to start out on the plan herein enunciated for cargo ships, I think that within two years we could be launching vessels from one to five thousand tons cargo capacity, in many sections of the country. There are many wooden shipyards on our coast, bays, and tributaries where the assembling of ships could be very advantageously conducted, with far less difficulty and much more expedition than our ocean-going fleet of a half century ago was hewn out and assembled from material existent within our forests.

And then follows his formal statement in detail of the method of constructing the vessels.

[By E. Platt Stratton, supervisor of the American Bureau of Shipping.]

Signs multiply of a disposition in the United States so to standardize the construction of cargo types of steamships as greatly to reduce their cost. This tendency is to be encouraged in every way possible, since its successful development will go a long way toward making the United States entirely independent of other countries in the construction of the ships in its foreign carrying, as the country always has been independent of foreign countries in the construction of ships for its domestic carrying.

In the construction of ships for the carriage of passengers and freight and in the construction of the higher-class swift leviathans that carry passengers, mails, and express standardization is not practicable; but in the construction of the higher types of ships the United States is not so far behind shipyards of other countries in the matter of cost as it is in the construction of the purely cargo type of ship.

SOME CONSTRUCTION DETAILS.

Cargo steamships of from 1,000 to 10,000 deadweight capacity on a block coefficient of from 75 to 80 per cent of the cube of their length, breadth, and depth, and a standard rate of speed not to exceed 12 knots, is the trend and the type most useful for general trade. Such vessels are now built with double bottoms for water ballast, which have become more and more of a necessity to facilitate the handling of the ships when light or in motion without cargo. Double bottoms also offer great facility for the storage and use of any of the varieties of liquid fuel, which frequently are found to be more advantageous, if not more profitable, than coal, particularly when the cost of stowing it in the ship's bunkers and the cost of firing it with man power is considered.

Vessels of this type of construction have brought about an arrangement to protect cargoes from bilge water, through flat floors, full or square bilges supported internally by the margin plates of the double bottoms, which in turn form gutters or bilges. This method of construction necessitates the breaking of the continuity of all ships' floors and frames at the turn of the bilge, properly flanged "gusset plates" supplying the necessary strength at the points where they are reunited. This does away completely with the heretofore expensive and somewhat cumbersome method of rolling frames in great lengths and then reheating and bending them preparatory to their being assembled in position to receive the plating of the ship.

The methods of metal ship construction heretofore in use has involved the making of templates for each plate, angle, and shape used in the vessel's construction and a vast amount of work in the shipyard involving fitting, bending, punching, fairing, and riveting. In vessels of large dimensions many of these separate parts are of such weight and size as to require machinery and gangs of workmen to handle them in the different processes of assembling, fitting, and riveting them when in their proper positions in the ships.

THE GREAT STEEL PLANTS SHOULD TAKE HOLD.

In this connection, think what would be the cost, detention, and protracted delay if our elevated railroad structures, bridges, fireproof hotels, storehouses, and railroad depots were built after such a manner. The only condition that seems to justify such a method in ship construction is the necessity of constructing the vessel where and when as an assembled mass it may be launched where it will receive its equipment and fittings afloat, all of which go to make the complete and perfect cargo ship, or, as President Wilson has characterized it, "a national shuttle of industry." The opportunity is now open for some of our great steel plants to prepare models of a series of cargo steamships of standard designs and varying tonnage, submitting the models to tank experiments in advance, say, under the supervision of the Navy Department, in order to secure vessels with lines of least resistance; also having tables of scantlings approved by the national inspection service and the American underwriters, thus assuring the lowest rates of marine insurance on the vessels when completed. At the mills all parts, whether plates, angles, or shapes, would be of standard dimensions, sheared and punched to standard templates, all holes being punched and left from one-sixteenth to one-eighth of an inch scant to allow for reaming to standard gauge. When the parts shall have been assembled for service, bolting and riveting at the point or place of final fabrication, the reaming of holes, riveting, chipping, and calking, all then being done by pneumatic tools.

Such methods would insure the prompt rehabilitation of many of the Nation's original shipbuilding plants for this assembling and fabrication of hundreds of slips of various sizes, which could not by any other method be dealt with. It can therefore be readily understood that the work at the coast or in the shipyard would only be one of assembling and riveting up the parts furnished by the steel mills to the railroads for delivery at the point of fabrication.

DUPLICATION OF PARTS.

The motive power for such standardized vessels for fixed rates of speed can be reliably furnished as specialties of manufacture in duplication in the same manner in which standard types of pumps, turbines, and internal combustion engines are now manufactured and supplied by such establishments as the General Electric Co., the Westinghouse Co., William Cramp & Sons, W. & A. Fletcher Co., and the Babcock & Wilcox Co., as well as other boiler companies that now supply large installations of boiler equipment.

Such methods of ship construction and equipment anticipate the utilization of many of our original wooden shipyards, since the chief requirements will be facilities for assembling the various parts of the ship and launching the hull when fully fabricated, for there are still many valuable shipbuilding locations along the water front of the Ohio and Mississippi rivers, and the coast, bays and tributaries, at points where labor is to be found in abundance and of a character that can be utilized to the greatest advantage.

STEEL MILLS AS INITIAL SHIPBUILDING PLANTS.

Our country's great steel works now possess the facilities in capacity, if not in detail, for furnishing the finest shipbuilding material at as low prices as that of any other country.

The perfection of the various details in ship construction herein referred to in outline will doubtless quickly bring the United States to the front as the first shipbuilding nation of the earth in the production of standard cargo carriers unequalled by any other nation possessed of like commercial facilities, to which our unlimited quantities of cheap materials will greatly contribute. With cargo carriers thus under such good headway our shipyards will gradually become expert in the construction of all of the types of merchant ships that go to make up a general marine. The opportunity and all of the accessories necessary for success are now ours.

Secretary REDFIELD. It was not with any idea, Mr. Chairman, of this nature that we did what was done in the way of developing this bill. This has all come up since the matter was thought of, and is simply a very interesting illustration of what has been possible in other lines of work, and what new types of vessels may be possible hereafter.

The CHAIRMAN. These developments are matters that this American Shipping Board can take advantage of in developing these new types?

Secretary REDFIELD. Yes; we are now building a vessel for the Lighthouse Service which could have been constructed under this new method if we had known of it, and if there was anybody ready to take it up, and in so doing we would have saved very largely, I think, in the cost of our construction.

Mr. HARDY. Is there any reason why such building might not be done in competition with the world?

Secretary REDFIELD. I can see no reason why any country in the world could compete with us in construction of that kind.

Mr. HARDY. So at least that class of vessels does not need to be protected?

Secretary REDFIELD. I think other peoples would need to be protected against this class of vessels.

Mr. EDMONDS. No legislation is needed.

Secretary REDFIELD. None.

Mr. HARDY. One question is suggested to me. Could that same process of construction be utilized in the building of larger than 5,000-ton vessels?

Secretary REDFIELD. Yes; these call for 5,000 tons. It should be as good for 20,000. It is only a question of size of parts. The process is the same.

Mr. HARDY. You said there could be vessels up to 5,000 tons?

Secretary REDFIELD. That was simply because they could be turned out quickly.

Mr. EDMONDS. I want to say, Judge, that I spent a day on a Chinese vessel of 8,000 tons which had one of those oil-burning engines. I got full of oil seeing it operate——

Mr. HARDY. It was built like this?

Mr. EDMONDS. No; it had 8,000 tons capacity.

Mr. HARDY. What I was wondering about was this new method of construction.

Mr. EDMONDS. That would be true of any ship. I did not bring that up as a matter of comparison with steel. Steel could go in any ship.

Secretary REDFIELD. Any ship of that construction.

Mr. EDMONDS. For freight carrying?

Secretary REDFIELD. Yes.

Mr. BYRNES. Has one been built in this way?

Secretary REDFIELD. No. I wish we had known about this. The suggestion, however, comes from practical ship men.

Mr. EDMONDS. And is approved by the naval constructor?

Secretary REDFIELD. Yes; entirely so.

I will place before the committee a report of Mr. Adrian H. Boole, of the Interstate Commerce Commission, who at the request of the Secretary of the Treasury has been studying existing conditions in the steamship trade in this country, and it is accompanied by voluminous and interesting tables. I will say that the substance of that is that in ton-carrying capacity available in the year ended June 30, 1915, in our ports we were short as compared with the previous year about 4,500,000 tons carrying capacity, at a time when the demand on us was greater than ever before in our history. There were more

ships and they made more voyages. But they were so slow that the total number of tons capacity that left our ports was about 4,500,000 short of what it was in the previous year, and though we were at once in the greatest need of shipping we were at once in the greatest possible lack, and that condition is accentuated.

REPORT ON TABULATIONS COMPILED IN FOREIGN STEAMSHIP INVESTIGATION.

JANUARY 29, 1916.

To the SECRETARY OF THE TREASURY.

The SECRETARY OF COMMERCE.

The CHAIRMAN OF THE INTERSTATE COMMERCE COMMISSION:

Pursuant to the request set forth in a letter from the President, dated July 22, 1915, to the chairman of the Interstate Commerce Commission, there has been a cooperative endeavor between the Treasury Department, the Department of Commerce, and the commission to inquire into the matter of ocean transportation between this country and Central and South America. The participation of the commission in this matter has been necessarily limited, since it has been held that the powers of the commission do not extend to commerce overseas. A preliminary examination was made by the commission's examiners of certain records in the freight offices of several interstate railroads in New York City participating in foreign commerce for the purpose of ascertaining whether the records of the carriers subject to the act to regulate commerce would furnish any information on the subject and to determine whether or not there was a full compliance with the requirements of the act in connection with the matters involved in this inquiry. The basic data, which is presented herewith in tabular form, have been compiled chiefly by forces of the Treasury Department and the Department of Commerce.

This report embraces the commercial movement of shipping to and from 28 ports in the United States and all foreign countries except Canada for the 12 months ended July 31, 1914, and the 12 months ended July 31, 1915. The movement of shipping to and from Canada is omitted because (1) approximately 75 per cent of the waterborne traffic was carried on the Great Lakes in vessels which ordinarily are unavailable for over-sea commerce; and (2) of the remaining 25 per cent moving over river and ocean routes fully four-fifths, consisting of bulk cargoes of coal, oil, and lumber, was carried in seagoing barges, schooners, and small steamers wholly unfitted for over-sea service.

The tabulations of vessel-tons entered and cleared, herein shown, represent 91 per cent for the first 12 months and 90 per cent for the second 12 months, of the entries and clearances reported by the Department of Commerce, for the two fiscal years ended June 30, 1914 and 1915, respectively, when excluding Canada. The difference in results here stated is explained by the facts that different fiscal periods are used and, in the present report, all vessel movements between minor United States ports and foreign countries are eliminated as well as entries and clearances at coaling and way-ports on voyages to or from other domestic ports.

The vessel movement is based upon and confined to entries and clearances from and to foreign countries and the following-named ports of the United States, viz: Portland, Me.; Boston, Mass.; New York, N. Y.; Philadelphia, Pa.; Baltimore, Md.; Newport News, Va.; Norfolk, Va.; Charleston, S. C.; Savannah, Ga.;¹ Fernandina, Fla.; Jacksonville, Fla.; Key West, Fla.; Tampa, Fla.;² Pensacola, Fla.;³ Mobile, Ala.;³ New Orleans, La.;² Port Arthur, Tex.; Galveston, Tex.; Port Aransas, Tex.; Sabine, Tex.; San Diego, Cal.; Los Angeles (San Pedro), Cal.; San Francisco, Cal.; Astoria, Oreg.; Portland, Oreg.; Port Townsend, Wash.; Seattle, Wash., and Tacoma, Wash.

It is believed the comparisons herein made will fairly illustrate the mercantile conditions prevailing for two equal periods, existing, respectively, immediately before and after the outbreak of the great war.

The subject matter is presented under six separate headings in the following order:

- (1) Number of vessels.
- (2) Vessel-ton efficiency.⁴

¹ Includes entries and clearances at Brunswick, Ga.

² Includes entries and clearances at Port Tampa, Fla.

³ Includes entries and clearances at Gulfport, Miss.

⁴ The term "vessel-ton efficiency," as used in this report, expresses in units of 100 cubic feet (1-ton register) the amount of vessel space made available for freight and passengers by the number of voyages performed during a given period. A voyage, as used in this report, constitutes one entry and one clearance in the United States of one vessel on the same voyage.

- (3) Currents of trade (ocean routes).
- (4) Imports and exports.
- (5) Ocean freight rates.
- (6) Marine insurance.

The data of which this report is intended to be an explanation are set forth in six appendices comprising 14 tables which accompany and form a part of the report. These appendices are as follows:

Appendix A. Number and net tonnage of sail and steam vessels engaged in foreign trades of the United States.

Table I. Vessels in service during years ended July 31, 1914, and 1915.

Table II. Vessels in service during year ended July 31, 1915, only.

Table III. Foreign vessels admitted to American registry under act of August 18, 1914.

Table IV. Vessels withdrawn for causes of war.

Appendix B. Entries and clearances of sail and steam vessels in foreign trades of the United States.

Table I. Distribution by domestic ports.

Table II. Distribution by foreign countries.

Table III. Distribution by sail and steam vessels.

Table IV. Distribution by each domestic port and foreign country.

Appendix C. Foreign commerce of the United States.

Table I. Values of principal imports and exports.

Appendix D. Ocean freight rates by months.

Table I. Charter rates.

Table II. Berth rates.

Appendix E. War-risk insurance rates of premium.

Table I. Rates published by the United States Bureau of War Risk Insurance.

Table II. Rates quoted by insurance companies on war risks.

Appendix F. Passenger movement between United States and foreign countries.

Table I. Aliens admitted, departed, debarred, deported, and citizens arrive and departed, by ports.

NUMBER OF VESSELS.

Recorded entries and clearances of merchant vessels at the 28 United States port under review, for the two periods stated, shows that during the first year there were in service 593 individual sail and 2,730 individual steam vessels, aggregating 505,81 tons net register of sail and 7,829,332 tons net register of steam vessels, a total of 3,32 vessels, with an aggregate carrying power for one voyage of 8,335,650 tons of 100 cubic feet each.

During the second year there were in service 747 individual sail and 3,350 individual steam vessels aggregating 736,459 tons net register of sail and 8,618,336 tons net register of steam vessels, a total of 4,097 vessels, with an aggregate carrying power for one voyage of 9,354,795 tons of 100 cubic feet each. The increase during the second year as compared with the first year, stated in per cent, is as follows:

Increase in—	Sail vessels.	Steam vessels.	Total sail and steam vessels.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Vessel units.....	25.97	22.71	23.84
Carrying power.....	45.60	10.08	12.35

For the first year there were 774 less vessels of 1,019,145 less net registered ton employed in American foreign commerce than there were the second year. The fact however, that 23.29 per cent more vessels of but 12.23 per cent more carrying power were in the service the second year, suggests, as indeed the fact is, that the rearrangement of vessels in the two periods, resulted in the substitution the second year of smaller and slower vessels in the aggregate, for those in service the first year. The average carrying capacity per vessel decreased from 2,508 tons the first year to 2,235 tons the second year.

Considering separately sail and steam vessels, it will be seen that the carrying power of sail vessels increased in greater ratio (45.60 per cent) than the number of sail vessel (25.97 per cent) while the carrying power of steam vessels increased in a much less

ratio (10.08 per cent) than did the number of steam vessels (22.71 per cent), showing that much larger sail vessels and smaller steam vessels were impressed in service the second year.

Table I of Appendix A shows the subdivision of vessels according to nationality. It appears that, of the total carrying power of all vessels engaged in American foreign commerce for the two-year periods under review, the percentage under American registry was but 7.63 the first year, while for the second year it was 11.99. Confined to steam vessels only, these percentages were 5.75 and 9.72 respectively, while for sail vessels the corresponding percentages were 36.76 and 38.64. Thus, more than one-third of all sail vessels in service during both years were under American registry.

With respect to vessels under foreign registry, more than one-half of the total carrying capacity for both years was under British registry, and although the number and carrying capacity increased during the second year, the proportionately greater increase in vessels of other nations reduced the relative importance of British vessels engaged in American commerce from 57.88 per cent the first year to 54.13 per cent the second year.

Considering now the tonnage engaged in American commerce under British registry in connection with the total tonnage contributed by all belligerent nations, reference to this table will show that, while the percentage of tonnage under British registry did not materially decrease during the second year, the total percentage of vessel tonnage contributed by all belligerent nations dropped from 80.59 per cent the first year to 66.04 per cent the second year.

The following summary will show the actual increase in carrying power of vessels flying flags of nations contributing 100,000 tons or more to the foreign shipping of the United States during either year:

Nationality of vessels.	1914	1915	Increase.	Nationality of vessels.	1914	1915	Increase.
	<i>Net tons.</i>	<i>Net tons.</i>	<i>Per cent.</i>		<i>Net tons.</i>	<i>Net tons.</i>	<i>Per cent.</i>
Greek.....	22,207	186,556	740	French.....	200,815	337,419	68
Swedish.....	33,058	170,888	417	Spanish.....	100,391	146,629	46
Dutch.....	184,455	295,458	114	Japanese.....	126,683	178,087	41
Danish.....	121,622	268,021	120	British.....	4,825,051	5,064,575	5
Norwegian.....	446,303	790,273	78	German.....	1,051,701	(¹)	* 100
American.....	636,288	1,121,843	76	Austrian.....	148,577		* 100
Italian.....	252,888	442,996	75				

¹ There were 191,575 tons entering and 50,505 tons clearing United States ports immediately after July 31, 1914, of German registry, as shown in Table 3 of Appendix B. Since, however, only a few of the vessels clearing completed their voyages, the entire tonnage of German vessels is omitted as an inconsequential factor in the American trades.

* Decrease.

The extent to which removals and substitutions of vessels took place during the two periods under review is shown as follows:

Vessels in service.	1914		1915	
	Number.	Net tons.	Number.	Net tons.
Prior to Aug. 1, 1914, only.....	1,074	2,756,866		
Subsequent to July 31, 1914, only.....			1,848	3,776,011
Prior to and later than Aug. 1, 1914.....	2,249	5,579,784	2,249	5,579,784
Total.....	3,323	8,335,650	4,097	9,354,795

It will be seen that 1,074 vessels engaged in American commerce the first year were withdrawn therefrom the second year. Of these, 368 were withdrawn on account of war expedients and 706 for other reasons, such as transference to other trades, wrecks, collisions, fires, and obsolescence. To replace these 1,074 vessels and such others as were in service for short periods during 1915 and thereafter withdrawn, there were placed in service during the second year 1,848 vessels.

Table II of Appendix A shows in detail the number and net registry tonnage of vessels thus placed in foreign trade of the United States from the following sources:

(1) New construction of American and foreign vessels; (2) diverted from coastwise and other trades; and (3) admitted to American registry.

Of newly constructed vessels, aggregating 169 of 480,106 net registry tons, but 8 of 30,342 tons net registry were built for American owners; the remainder, 161, of 449,764 tons net registry were built for foreign owners.

Other additions to American foreign commerce during the second year under consideration were contributed by the transference of enrolled vessels in coastwise trades through the exchange of registries for enrollments. One hundred and eighty-five vessels, both sail and steam, aggregating 222,862 tons net registry, were transferred in this manner. Some of these vessels, however, remained in foreign service for but short periods, when they were again reentered in the coastwise trades. The number here stated includes several very old vessels, built in the eighties or seventies, or even earlier.

But 14 foreign vessels, aggregating 21,806 net tons registry, were added to United States trades after admission to American registry under the ship registry act of August 18, 1914. While 150 foreign vessels, of 341,905 net tons registry, were admitted to American registry under this act during the second 12 months' period under review, the record shows that 118 of these, aggregating 286,307 tons net registry, were already engaged in American commerce prior to change of registry, and 18 did not engage in the American commerce under review after change to American registry. Instances of these latter are the steamship *Evangeline*, which continued in Canadian trade, the steamers *Forton Hall* and *Sacramento* which sank after obtaining American registry, the steamer *Gargoyle*, which was seized, and the *Glenpoole*, which was laid up, all before engaging in American commerce after receiving American registry.

Tabulation of the 132 vessels admitted to American registry, just referred to, distributed with respect to their former registries, is shown in Table III of Appendix A. This number includes vessels such as the steamship *Communiaw*, admitted on July 8, 1915, the bark *Paolina*, admitted on July 26, 1915, and others which, although admitted prior to August 1, 1915, were under American registry too short a period to figure materially in our foreign trade as American vessels.

Table IV of Appendix A shows in detail the abnormal withdrawals of vessels from commerce of the United States, due to war expedients.

Comparing now the character of all vessels engaged in American commerce for the two periods under review, in the light of the foregoing analysis, a study of all Tables in Appendix A will show that the withdrawal and replacement of foreign vessels resulted (1) in a greater diffusion of nationalities and (2) in the substitution of an inferior merchant marine of greatly decreased working efficiency.

VESSEL-TON EFFICIENCY.

The number, character, carrying capacity, and nationality of vessels engaged in American commerce having been shown, the service rendered in vessel-ton efficiency is important in considering the extent to which American foreign commerce was affected by withdrawals and decreased number of voyages.

During the first 12 months preceding beginning of the war there were 11,700 voyages from and to foreign ports, by 3,323 vessels. The vessel-ton efficiency performed on both incoming and outgoing trips by 593 sail vessels aggregated 531,326 ship-tons on the incoming and 468,117 ship-tons on the outgoing trips. By 2,730 steam vessels there were 31,715,814 ship-tons on the incoming and 31,187,577 ship-tons on the outgoing trips, making a total of 32,247,140 ship-tons incoming and 31,655,694 ship-tons outgoing of 100 cubic feet each for the period.

During the second 12 months immediately following commencement of the war there were but 11,560 voyages from and to foreign ports by 4,097 vessels. The vessel-ton efficiency performed on both incoming and outgoing trips by 747 sail vessels aggregated 652,201 ship-tons on the incoming and 721,314 ship-tons on the outgoing trips. By 3,350 steam vessels there were 26,931,956 ship-tons on the incoming and 26,740,456 ship-tons on the outgoing trips, making a total of 27,584,157 ship-tons incoming and 27,461,770 ship-tons outgoing of 100 cubic feet each for this period.

Stated in per cents, the decrease in vessel-ton efficiency the second year was 13.2 for vessels entering and 14.5 for vessels clearing. This, notwithstanding the fact that there was an increase that year of 12.23 per cent in the carrying power of all vessels. This decrease was attributable to four distinct causes, (1) to longer periods of time consumed at loading and discharging ports, (2) to more sail vessels and slower steam vessels, (3) to longer ocean routes traversed to escape war zone, and (4) to detention from exercise of the "right of search" by belligerents.

The following summary will show the United States territorial spheres in which the vessel-ton efficiency, first shown, operated, both as to arrivals and departures and the per cent of increase or decrease thereof:

	1914	1915	Increase or decrease.	
	Net tonnage.	Net tonnage.	Net tonnage.	Per cent.
Atlantic:				
entries.....	19,865,362	14,755,906	5,109,456	25.7
clearances.....	18,589,741	13,878,317	4,711,424	25.3
Pacific:				
entries.....	3,529,530	4,803,998	1,274,468	36.1
clearances.....	4,290,969	5,587,787	1,296,818	30.2
Indian:				
entries.....	6,685,507	6,219,497	466,010	7.0
clearances.....	6,624,949	6,197,515	427,434	6.4
European:				
entries.....	2,166,741	1,804,756	361,985	16.7
clearances.....	2,150,035	1,798,151	351,884	16.4

figures denote decrease.

summary, as indicated by the per cents, shows that the most marked decreases in ton efficiency were at North Atlantic ports, next at Pacific coast ports, and at Mexican Gulf ports. Reference to Table I of Appendix A will show that of the greatest reductions were at Boston, New York, and Philadelphia, which to some extent were offset by increases in vessel-ton efficiency at the South Atlantic ports of Baltimore, Newport News, and Norfolk, and at some ports on the Mexican coast.

Table II of Appendix B shows that during the first year the ton-efficiency of vessels in the American registry was but 10 per cent of the total ton efficiency of all vessels, 218,568 of 32,247,140 tons for entries and 3,057,488 of 31,655,694 tons for clearances while during the second year it increased to 16 per cent of a much less total tonnage of all vessels, i. e., 4,390,909 of 27,584,157 tons for entries and 4,527,543 of 27,770 tons for clearances.

The increase in American vessel-ton efficiency, i. e., 1,172,341 tons for entries and 1,459,575 tons for clearances was employed the second year to some extent in our trade with Germany, Portugal, Russia, and the Scandinavian countries, but to a small extent in our Central and South American trades. The increase here shown in American tonnage was insufficient, however, to make up the great retrenchment in ton efficiency of British and German vessels. While such retrenchment was made up in part by increased efficiency of other vessels, there still remained the depletion in our total foreign mercantile movement. Stated in detail, with respect to principal groups, the decreases were as follows:

	1914	1915	Increase or decrease.	
	Net tonnage.	Net tonnage.	Net tonnage.	Per cent.
NORTH AMERICA.				
Canada and the Bermudas:				
entries.....	5,100,631	3,745,098	1,355,533	26.6
clearances.....	4,730,985	3,820,502	910,483	19.3
United States:				
entries.....	4,135,471	3,168,171	967,300	23.4
clearances.....	3,853,207	2,901,709	951,498	24.7
SOUTH AMERICA.				
Brazil:				
entries.....	608,843	421,840	187,003	30.7
clearances.....	465,952	410,562	55,390	11.9
Argentina:				
entries.....	879,695	514,555	365,140	41.6
clearances.....	517,861	624,671	106,810	20.6
Chile:				
entries.....	405,188	397,730	7,458	1.8
clearances.....	374,678	268,551	106,127	28.3
Peru:				
entries.....	89,888	99,589	9,701	10.8
clearances.....	65,713	48,422	17,291	26.3
South America:				
entries.....	495,991	355,237	140,754	28.4
clearances.....	388,793	374,339	14,454	3.7

	1914	1915	Increase or decrease.	
	Net tonnage.	Net tonnage.	Net tonnage.	Per cent.
SOUTH AMERICA—continued.				
Europe:				
Entries.....	18,349,242	16,583,024	1,766,218	9.6
Clearances.....	18,993,148	16,890,470	2,102,678	11.1
Asia:				
Entries.....	1,296,266	1,210,303	85,963	6.6
Clearances.....	1,262,319	1,151,865	110,454	8.8
Oceania:				
Entries.....	406,175	427,721	21,546	5.3
Clearances.....	551,215	552,219	1,004	.2
Africa:				
Entries.....	479,750	660,889	181,139	37.8
Clearances.....	451,823	418,460	33,363	7.4

Italic denotes decrease.

Table III of Appendix B shows that a greater proportion of ship tons entered and cleared by sail vessels during the second year than during the first year. The increase in sail-vessel units, i. e., from 593 the first year to 747 the second year, indicates the extremity to which American commerce exerted itself the second year to secure bottoms for its over-seas transportation.

As already shown, with 774 more vessels, sail and steam, in service the second year the total thereof, i. e., 4,097, contributed 4,662,983 less vessel tons entered and 4,193,924 less vessel tons cleared than did 3,323 vessels the year before.

CURRENTS OF TRADE.

(Ocean routes.)

Reference to Table IV in Appendix B will show that during the first year embraced in this report there were 433 established currents of trade from and to foreign countries and the 28 ports in the United States herein considered. During the second year 75 of these routes were abandoned and 70 were added, so that but 428 were in operation that year. While the dislocation of these currents of trade are shown in the above table in connection with other features, for convenience they are here stated in detail:

Countries.	Eliminated.		Added.	
	Number of routes.	Ports.	Number of routes.	Ports.
EUROPE.				
Austria-Hungary.....	5	Portland, Me.; Boston, Mass.; Newport News, Va.; Norfolk, Va.; Galveston, Tex.	.....	None.
Belgium.....	12	Newport News, Va.; Charleston, S. C.; Savannah, Ga.; Fernandina, Fla.; Jacksonville, Fla.; Tampa, Fla.; Pensacola, Fla.; Mobile, Ala.; Port Arthur, Tex.; Sabine, Tex.; Astoria, Oreg.; Portland, Oreg.	.....	None.
Denmark.....	.....	None.	5	Portland, Me.; Charleston, S. C.; Mobile, Ala.; San Pedro, Cal.; Tacoma, Wash.
France.....	3	Tampa, Fla.; Sabine, Tex.; Tacoma, Wash.	3	Key West, Fla.; San Pedro, Cal.; Astoria, Oreg.
Germany.....	11	Charleston, S. C.; Fernandina, Fla.; Jacksonville, Fla.; Tampa, Fla.; Mobile, Ala.; Sabine, Tex.; San Pedro, Cal.; Astoria, Oreg.; Portland, Oreg.; Port Townsend, Wash.; Tacoma, Wash.	2	Portland, Me.; San Diego, Cal.

Countries.	Eliminated.		Added.	
	Number of routes.	Ports.	Number of routes.	Ports.
EUROPE.				
.....		None.....	6	Philadelphia, Pa.; Baltimore, Md.; Newport News, Va.; Norfolk, Va.; Savannah, Ga.; New Orleans, La.
Ireland.....	1	Port Townsend, Wash.....	1	Portland, Oreg.
Italy.....	2	Jacksonville, Fla.; Tampa, Fla.....	1	Jacksonville, Fla.
Spain.....	5	Portland, Me.; Boston, Mass.; Tampa, Fla.; Mobile, Ala.; Sabine, Tex.	2	Norfolk, Va.; Savannah, Ga.; Mobile, Ala.; San Francisco, Cal.
France.....	4	Boston, Mass.; Norfolk, Va.; Savannah, Ga.; Galveston, Tex.	2	Port Arthur, Tex.; Galveston, Tex.
Germany.....		None.....	1	Tacoma, Wash.
Sweden.....	5	Fernandina, Fla.; Key West, Fla.; Tampa, Fla.; Pensacola, Fla.; Sabine, Tex.	2	Portland, Me.; Port Arthur, Tex.
United Kingdom.....	2	Fernandina, Fla.; Port Aransas, Tex.	6	Charleston, S. C.; Savannah, Ga.; Mobile, Ala.; Port Arthur, Tex.; Galveston, Tex.; San Francisco, Cal.
Other Europe.....	1	Tampa, Fla.....	1	Key West, Fla.
			7	Portland, Me.; Baltimore, Md.; Savannah, Ga.; Key West, Fla.; New Orleans, La.; Sabine, Tex.; Astoria, Oreg.
ORTH AMERICA.				
United States.....	2	Port Arthur, Tex.; Port Aransas, Tex.	5	Savannah, Ga.; Sabine, Tex.; San Diego, Cal.; Seattle, Wash.; Tacoma, Wash.
Canada.....	3	Portland, Me.; Pensacola, Fla.; Portland, Oreg.		None.
Indies.....	1	Portland, Oreg.....	2	Astoria, Oreg.; Tacoma, Wash.
Other North America.....		None.....	3	Baltimore, Md.; Jacksonville, Fla.; New Orleans, La.
SOUTH AMERICA.				
Antine.....	7	Portland, Me.; Savannah, Ga.; Fernandina, Fla.; Jacksonville, Fla.; Tampa, Fla.; Astoria, Oreg.; Seattle, Wash.	1	Tacoma, Wash.
Chile.....	4	Portland, Me.; Charleston, S. C.; Tampa, Fla.; Astoria, Oreg.	1	San Pedro, Cal.
Peru.....	1	Jacksonville, Fla.....	4	Portland, Me.; Newport News, Va.; Galveston, Tex.; Tacoma, Wash.
Colombia.....	1	Charleston, S. C.....	3	Newport News, Va.; Norfolk, Va.; Port Arthur, Tex.
Other South America.....	1	Tacoma, Wash.....	2	San Pedro, Cal.; Seattle, Wash.
ASIA.				
India.....	2	Tampa, Fla.; San Diego, Cal.....	3	Newport News, Va.; New Orleans, La.; Sabine, Tex.
OCEANIA.				
Australia.....	2	Port Arthur, Tex.; Sabine, Tex.	4	Portland, Me.; Mobile, Ala.; Galveston, Tex.; San Diego, Cal.
AFRICA.				
India.....			1	Key West, Fla.
Total.....	75		70	

The resultant effect upon our commerce of these changes in ocean trade currents can only be fully determined, however, when considering in connection therewith the still further factor of vessel-ton efficiency in the respective ocean routes themselves. By some sailings were greatly increased, while by others they were materially reduced. For example, from Baltimore, during the first year, there were 718 depar-

tures to foreign countries, while during the second year there were 1,005. From Boston, during the first year, there were 446 departures, while during the second year there were but 319. The total number of voyages for the two periods, however, varied but 140—i. e., from 11,700 for the first year to 11,560 for the second year—so the only test for determining the effect upon commerce is that of vessel-ton efficiency, the result of which has already been stated.

IMPORTS AND EXPORTS.

While the number of vessel-tons entered and cleared must necessarily be the maximum measures of cargo imports and exports, they are not dependable indices of the actual amounts in weights or other measures of cargo received or shipped, as vessels arrive and sail with empty space. It is therefore possible to only approximate the volume of cargo moved from vessel-ton entries and clearances.

Furthermore, Government statistics of total imports and exports are expressed in money values, without stating the weight or number of packages (except in the case of certain commodities). Because of this and the almost impossible task of correctly computing the volume of traffic (when carried at ocean rates based upon vessel space occupied), where no weight is stated, it has been impracticable to do other than adopt the practice just alluded to, followed by the Department of Commerce, of making comparisons in cash values.

While, therefore, such comparisons have been made as are possible by this method, and are shown in Table I of Appendix C, it is proper to state that, as the prices of staple imports and exports vary from week to week, the results therein shown, while indicating increases or decreases in money values, do not necessarily reflect increases or decreases in cargo volume movement.

This is particularly true for the two-year periods under review in this report. For example, the price of wheat increased from 91 cents per bushel in July, 1914, to \$1.60 per bushel in January, 1915, while the price of cotton decreased from 12.5 cents per pound to 7.7 cents per pound for same months. Nor are these differences altogether accounted for by ocean freight-rate advances actually taking place. It will be seen that the price of wheat went up, while the price of cotton went down, although ocean freight costs increased in both instances. A still further anomaly is that, with a material curtailment in vessel-ton clearances, the exports actually made, expressed in cash values, increased over 28 per cent the second year as compared with the first year.

However, reference to Table I of Appendix C will show that imports decreased in value \$251,621,292, or about 14.4 per cent, which is only slightly higher than the percentage of decrease in vessel-tons entering, i. e., from 32,247,140 to 27,584,157 ship-tons.

As an aid, therefore, in deducing the relation of cargo movement to vessel movement, Table I of Appendix C has been prepared.

OCEAN FREIGHT RATE ADVANCES.

Since August 1, 1914, many letters have been received from exporters and importers throughout the country by the Departments of Commerce, State, Treasury, and the Interstate Commerce Commission, protesting against onerous ocean freight rate advances. These protests are supported by daily published rate quotations authorized by steamship agents, which show that an advance in ocean freight costs has prevailed during the second 12 months under review.

It is estimated that seven-ninths of American foreign commerce is carried under vessel charter rates; that is, a rate based on some fixed unit for use of the entire vessel. Such commodities as oil, coal, phosphate, lumber, and grain shipped in bulk and bale cotton represent this class of ocean fixtures. These rates fluctuate with great frequency through the influence of many factors, such as the dead weight and measurement of carrying capacity, of the vessel offered, whether sail or steam, the insurance rating, whether for liner or tramp and whether a return cargo is obtainable at port of discharge.

Considering, in a general way, full cargo charters before and after outbreak of the war, the weekly reviews published in *Shipping Illustrated* point to liberal offerings of vessels at fairly steady rates up to the beginning of August, 1914. By the middle of August a large number of steamers were chartered for coal to South America at prices of 100 per cent over those asked prior to August 1.

Other rate advances of 30 per cent on coal and grain cargoes were made to the West Indies and quantities of other goods ready for shipment to these markets were held in warehouses in consequence. At the beginning of December, however, rates declined materially, due to an increase in the number of vessels available and the firm

establishment of war-risk insurance. While for a time, charter rates declined to nearly the same levels prevailing before the war, further advances were made in October, 1914. Rates continued to increase during November and December. By the middle of January, 1915, rates had reached a greater level than at any other time in history. Not until June were there indications of a break in charter rates, as the demand for boats fell off considerably, but by the end of July, 1915, owners of vessels were holding off in anticipation of still higher rates which soon became effective.

Table I, Appendix D, shows the rates of specific charters and are considered representative for the months indicated. Where no rate is shown for any particular month it indicates either that no charters were reported or that charters were negotiated at private terms and not published.

Berth rates are the charges made by regular steamship lines for specific shipments of various commodities and are usually made from week to week, according to the supply and demand of cargo and its relation to the supply and demand of vessel space.

Table II of Appendix D shows the increases in berth rates from month to month for the years ended July 31, 1914, and July 31, 1915.

Such factors as increase in the cost of fuel and ship stores, extra stevedores expenses for tiering cargo before its final handling and for unloading and loading vessels at night, resulting from congested terminals, and increases in vessel insurance, are elements of expense that must be ascertained before the propriety of the charter and berth rates charged may be determined.

Foreign vessel owners in the North Atlantic-European trades were able to and did make up many times in freight rates their revenue losses from the falling off of passenger traffic, which normally represents the preponderance of revenue of the four groups of foreign steamship lines dominating these trades. The statement of Receiver Franklin of the International Mercantile Marine Co. to Chairman Bannard of the bondholders committee (representing the 4½ per cent mortgage and collateral trust bonds) of that company, March 9, 1915, is as follows:

"Since October 1, 1914, however, owing to the abnormal conditions of the freight market brought about by the war in Europe and owing also to the fact that a number of the company's steamers have been chartered by the British Government, the earnings have substantially increased, with the result that although the passenger business which in normal times is a most important earning factor of the company's business has been practically at a standstill, the earnings of the company from freight and charters were so large that at the end of the year the total earnings were not only sufficient to pay the interests which had accrued upon all its outstanding bonds but indicated a surplus of between two and three million dollars in excess of that amount, without, however, making any allowance for depreciation."

Under normal conditions the influence of vessel-ton retrenchment would be strongest in those routes or currents of trade wherein vessel curtailment was most pronounced, both as to vessel units and vessel-tons, as the two factors—(1) reduced vessel space and (2) increased cargo demand for space—are controlling in the rise or fall of ocean transportation rates; but, as already pointed out in this report, the greatest reduction in vessel-ton efficiency during the second 12-month period occurred at the North Atlantic ports of Boston, New York, and Philadelphia, and coincident therewith there was an almost corresponding increase in vessel-ton efficiency at the South Atlantic ports of Baltimore, Newport News, Norfolk, New Orleans, Port Arthur, and Galveston. Yet the increase in ocean-freight costs was even greater at the southern than at the northern ports.

The North Atlantic-European trades the first year were served by liners of the largest and most modern types engaged in regular passenger trades for both saloon and emigrant patrons. These vessels, for the most part registered under flags of the warring nations, were the first to be permanently withdrawn from commercial usage, while the South Atlantic-European trades of the United States were for the most part served by tramp vessels of Norwegian, Dutch, and Danish registry, and vessels under these flags were only stopped from trading temporarily at the outset of hostilities until fairly understandable conditions were ascertained. The diminution of vessel tonnage in the North Atlantic trades did not therefore affect the volume of freight space to the same extent that it affected passenger traffic.

While the loss of passenger revenue under conditions where combination freight and passenger steamers must continue to operate is a material factor and would tend to increase freight rates, yet in the trades under review the passenger vessels were chartered to belligerent governments for admiralty uses and their places were taken by smaller and cheaper freight steamers, so the necessity for recouping passenger revenue by advancing freight rates was nonexistent.

The following summary will show the falling off in passenger traffic to and from the United States, the details of which, prepared by the Bureau of Immigration, are stated in Table I of Appendix F.

	Year ending July 31, 1914.	Year ending July 31, 1915.	Decrease for year.	Per cent decrease.
Arrivals, all classes.....	1,638,549	639,333	999,216	61
Departures, all classes.....	1,019,624	502,210	517,414	51

A further factor to be considered in connection with the advance in ocean freight rates is that the dislocation of trade currents, previously shown, created disproportionate demands for vessel space in some routes that reacted upon other routes, which enables vessel owners to advance ocean freight prices to levels out of all proportion to prevalent conditions justifying the same. The extent to which this has been done is very fully shown in the joint report made to Congress by the Secretaries of the Treasury and of Commerce (Senate Document 673, Parts 1 and 2).

The greatest falling off in vessel-ton efficiency, both incoming and outgoing, during the second year, occurred in our trades with the Latin-American republics, i. e., 25 per cent incoming and 18 per cent outgoing. The decrease, for the corresponding period, in vessel-ton efficiency from and to Europe, was but 9.6 per cent incoming and 11.1 per cent outgoing; yet reference to Tables I and II of Appendix D will show that much greater freight advances took place in the European trade groups than in those with the Latin-American republics.

MARINE INSURANCE.

Subdivided, this subject embraces two distinct forms of marine insurance (1) Sea risks, which cover perils of the sea and include particular average (act of God) and general average (voluntary sacrifice, the act of man); and (2) war risks.

Sea-risk policies do not cover losses at sea resulting from the belligerent acts of warring nations; but with aids to navigation destroyed or removed in war-zone waters the hazard under sea-risk policies becomes correspondingly greater and justifies a somewhat higher premium.

A perusal of weekly insurance notes appearing in "Shipping Illustrated" for the two-year periods herein considered, indicates that on vessels and cargoes traversing war-zone waters slight increases in sea-risk premiums were made after commencement of the war. These increases were doubtless to compensate for the extra hazards involved in navigating waters where aids to navigation had been either destroyed or removed.

There were instances where materially increased sea-risk premiums were charged, occasioned by the impressment in foreign trades, regardless of war-zone waters, of vessels unfitted structurally for overseas traffic. Such increased premiums were charged on vessels taken from the Great Lakes and from the coastwise trades and placed in foreign overseas trades, and in such cases the insurance rates on sea-risk policies increased from 2½ and 5 per cent (the usual rates, according to the rating, on vessels built for trans-ocean voyages) to from 6 to 12 per cent on cargoes and vessels taken from the coastwise and Great Lakes trades.

War risk policies in times of peace are often included in sea-risk underwritings by the insertion of a war-risk rider in the sea-risk policy. With the advent of war, however, the question of securing vessels for the delivery of cargoes through or within war-zone waters became acute, partly because of the hazard, partly because many vessels were withdrawn from all commercial trades. This was due to two causes: First, the requisitioning by belligerent governments of large numbers of their merchant vessels for admiralty purposes; and, second, the actual hazards of the voyage—capture, seizures and detentions, mine risks, etc. This condition was only partly relieved by the inauguration of government war-risk underwritings. While government war-risk underwritings were promptly provided by the United States, such underwritings were confined to vessels of American registry. There were insufficient vessels under American registry to move our trade, and, as a result, war-risk rates for single voyages increased from 1½ per cent to 5 per cent, and in some cases considerably more.

An example of exceptionally high rates paid on cotton shipments to Germany was reported from London in February, 1915, i. e., that 70 guineas per cent had been paid at Lloyd's to insure against condemnation in a prize court of a cotton steamer flying the American flag and bound for Germany. The hull of this steamer was insured for \$165,000, at a rate of about 20 per cent, while \$750,000 value of its cargo was insured by the United States War Risk Bureau at 3 per cent.

It should also be noted that war insurance rates on hulls and cargo destined to special ports where danger from mines and other causes of war involved exceptional peril have continually fluctuated and at times been suspended. Thus there was a suspension of war-risk insurance on vessels and cargo to Calcutta when in September, 1914, the activity of the German cruiser *Emden* in the Bay of Bengal made shipping to and from that port very hazardous. The United States Bureau of War-Risk Insurance has, since its inception, reserved to itself the right to decline any risks to certain ports, or, if accepted to name such rates as in its judgment might seem adequate. Among such ports may be mentioned those in the United Kingdom and on the continent of Europe north of Bordeaux and South of Christianssand. Also ports on the Kattegat and (or) Baltic Sea and (or) adjacent waters. Also ports on the Adriatic Sea, Black Sea or Bosphorus, and the port of Smyrna, as well as the colonial possessions of Germany and Turkey.

The rates quoted from time to time by the United States Bureau of War-Risk Insurance are shown in Table I of Appendix E. This table does not, however, include rates to the special ports referred to.

The insurance rates shown in Table II of same appendix are taken from the New York Journal of Commerce and indicate, for specific ports, fluctuations in war-risk insurance premiums as quoted by insurance companies. These rates cover general cargo only and exclude full cargoes of flour, grain, coal, rubber, sugar, and copper. Shipments to Denmark, Greece, Netherlands, Norway, and Sweden are subject to neutrality clauses. For the purpose of convenience in locating any rate they are arranged in 22 groups, as follows:

	Groups.
Denmark, all ports.....	1
France:	
Channel ports.....	2
Havre and West Coast.....	3
Mediterranean ports.....	4
Greece, all ports.....	5
Italy, ports as indicated.....	6
Netherlands, all ports.....	7
Norway:	
Stavanger and North.....	8
South of Stavanger.....	1
Portugal, all ports.....	3, 9
Russia, Archangel.....	10
Spain, all ports.....	3, 6, 11
Sweden:	
Stockholm.....	12
Other ports not beyond Malmo.....	1
United Kingdom, ports as indicated.....	13
Central American States, ports as indicated.....	14
West Indies, ports as indicated.....	15
Other North America, ports as indicated.....	16
South America, ports as indicated.....	17
Asia:	
China and Japan.....	18
India.....	18, 19
Straits Settlements.....	20
Oceania, ports as indicated.....	18, 1
Africa, ports as indicated.....	22

The dates shown are those on which rates were published. Where no rate is shown for any particular date it should be understood that the last preceding rate quoted is still in effect.

SUMMARIZATION.

Table I of Appendix A, shows that for the first year but 7.63 per cent of the total merchant shipping employed was under the American flag, while 80.59 per cent was under flags of nations now at war. Thus, 11.78 per cent was contributed by nations that year which to-day are neutral. For the second year—during pendency of the war, while the increase in vessels amounted to 774 over the preceding 12 months period (with a total carrying power of 1,019,145 net tons, equal to an increase of 12.23 per cent), but 66.04 per cent of the increased tonnage was contributed by the nations engaged in war, 11.99 per cent was contributed by vessels of American registry, and 21.97 per cent by those of neutral countries.

The falling off of vessels service the second year was due, in large measure, to the withdrawal of German and British vessels, which during the first year, performed the carrying service in the most important United States commercial trades, i. e., from and to the three largest North Atlantic ports of Boston, New York, and Philadelphia. The fact that with more vessels of greater aggregate tonnage the second year, a materially lesser service was performed is noted, because where the ownership thereof was under belligerent flags the vessel-ton efficiency dropped from 80.59 per cent to 66.04 per cent. While some shipowners transferred coastwise vessels to foreign trade and the United States Government admitted to American registry foreign vessels with a resulting increase in its merchant marine of 76.31 per cent over the tonnage employed during the first 12-months period, yet this increase only enabled the United States to increase its percentage in carrying power of vessels in its total foreign commerce from 7.63 to 11.99 per cent.

Respectfully submitted.

ADRIAN H. BOOLE,
Special Agent.

APPENDIX A.

TABLE 1.—Number and net tonnage of vessels in the foreign trade of the United States during the years ended July 31, 1914 and 1915.

Nationality of vessel.	Sailing vessels in service during year ended July 31—						Steam vessels in service during year ended July 31—						Total all vessels in service during year ended July 31—					
	1914			1915			1914			1915			1914			1915		
	Num- ber.	Net tonnage.	Per cent.	Num- ber.	Net tonnage.	Per cent.	Num- ber.	Net tonnage.	Per cent.	Num- ber.	Net tonnage.	Per cent.	Num- ber.	Net tonnage.	Per cent.	Num- ber.	Net tonnage.	Per cent.
American.....	293	185,919	36.76	369	284,504	38.64	159	450,369	5.75	311	837,329	9.72	452	636,288	7.65	680	1,121,843	11.99
Argentine.....	1	1,879	.37	2	2,960	.40	46	148,877	1.90	1	2,761	.03	45	148,877	1.78	3	5,721	.06
Belgian.....	1	2,202	.44	1	1,096	.27	24	76,453	.95	21	60,915	.71	25	78,535	.93	22	32,915	.37
Bra. Han.....	139	111,805	22.15	141	133,640	18.13	1,594	4,715,248	60.19	1,676	4,930,633	57.21	1,793	4,825,031	57.88	1,817	5,065,255	54.15
Chilean.....	1	2,089	.41	1	2,089	.28	1	2,458	.03	1	3,111	.04	2	4,547	.05	1	9,097	.09
Cuba Rican.....	1	3,846	.76	1	4,304	.58	14	30,354	.38	8	9,407	.11	14	30,354	.34	8	9,407	.08
Danish.....	1	3,846	.76	1	4,304	.58	49	117,799	1.51	168	393,770	3.07	54	131,642	1.53	170	298,024	2.87
Dutch.....	25	46,904	9.26	45	84,120	11.43	60	181,364	2.34	153	393,450	4.59	61	154,455	2.20	150	309,458	4.23
German.....	18	34,576	6.83	45	84,120	11.43	41	153,911	1.95	74	255,299	2.94	66	200,815	2.41	119	337,419	3.61
Greek.....	23	27,128	5.36	30	36,440	4.95	279	1,020,125	13.03	82	186,555	2.16	297	1,054,701	12.65	381	138,555	2.00
Honduran.....	1	3,846	.76	1	4,304	.58	4	23,257	.28	4	4,823	.06	4	23,257	.27	83	186,555	2.00
Italian.....	2	550	.10	5	469	.06	72	225,760	2.88	149	409,556	4.72	95	252,888	3.03	179	472,996	4.71
Japanese.....	57	66,760	13.21	111	147,009	19.97	34	126,683	1.62	48	178,087	2.04	34	126,683	1.52	48	178,087	1.91
Norwegian.....	2	394	.07	1	1,781	.24	13	12,781	.16	13	13,807	.15	16	13,310	.16	18	13,376	.14
Panama.....	2	2,483	.49	2	2,483	.34	238	379,533	4.85	423	643,264	7.47	315	446,393	5.35	534	790,273	8.45
Portuguese.....	8	5,628	1.11	8	7,710	1.03	2	2,160	.03	1	2,677	.03	2	2,483	.03	3	4,457	.04
Roumanian.....	6	7,227	1.43	15	19,798	2.69	1	3,059	.04	2	3,327	.04	10	7,788	.09	10	11,037	.12
Russian.....	2	1,991	.40	6	3,919	.53	7	25,458	.33	27	71,501	.83	13	32,683	.39	42	91,302	.98
Spanish.....	1	467	.09	2	2,716	.38	45	98,397	1.26	63	142,710	1.66	15	100,391	1.20	69	146,629	1.57
Swedish.....	1	3,870	.78	2	2,141	.29	18	32,591	.42	103	168,142	1.95	19	53,038	.64	105	170,888	1.83
Uruguayan.....	5	3,870	.78	2	2,141	.29	1	1,590	.02	2	2,702	.03	6	5,460	.06	4	4,843	.05
Total.....	593	505,818	100.00	747	736,459	100.00	2,730	7,829,832	100.00	3,350	8,615,836	100.00	3,323	8,335,650	100.00	4,697	9,354,795	100.00

¹ Less than one-tenth of 1 per cent.

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TABLE II.—Number and net tonnage of sail and steam vessels in the foreign service of the United States during year ended July 31, 1915, and not in the service during preceding.

SAIL VESSELS.

Nationality of ves- sel.	Admitted to American reg- istry.		New construc- tions.		Diverted to foreign trade from—				Total plac service	
					Coastwise trade.		Other trades.			
	Num- ber.	Net tons.	Num- ber.	Net tons.	Num- ber.	Net tons.	Num- ber.	Net tons.	Num- ber.	N to
American	9	11,416	1	97	125	108,992	—	—	135	12
Argentinian	—	—	—	—	—	—	1	1,081	1	—
Belgian	—	—	—	—	—	—	1	1,996	1	—
Brazilian	—	—	—	—	—	—	1	240	1	—
British	—	—	2	564	—	—	65	80,039	67	8
Danish	—	—	—	—	—	—	2	2,699	2	—
French	—	—	—	—	—	—	33	61,142	33	6
Italian	—	—	—	—	—	—	21	26,438	21	6
Mexican	—	—	—	—	—	—	3	271	3	—
Norwegian	—	—	1	617	—	—	83	111,459	84	11
Peruvian	—	—	—	—	—	—	1	1,111	1	—
Portuguese	—	—	—	—	—	—	4	4,415	4	—
Russian	—	—	—	—	—	—	13	15,804	13	1
Spanish	—	—	—	—	—	—	4	1,925	4	—
Swedish	—	—	—	—	—	—	2	2,746	2	—
Uruguayan	—	—	—	—	—	—	1	998	1	—
Total foreign	—	—	3	1,181	—	—	235	312,364	238	31
Total American and foreign	9	11,416	4	1,278	125	108,992	235	312,364	373	42

STEAM VESSELS.

American	5	10,390	7	30,245	60	113,870	—	—	72	11
Argentinian	—	—	—	—	—	—	1	2,761	1	—
Belgian	—	—	—	—	—	—	9	18,522	9	—
Brazilian	—	—	—	—	—	—	15	25,462	15	—
British	—	—	89	305,112	—	—	481	1,265,091	570	1,51
Chilean	—	—	—	—	—	—	1	1,653	1	—
Costa Rican	—	—	—	—	—	—	1	3,087	1	—
Cuban	—	—	—	—	—	—	1	902	1	—
Danish	—	—	12	20,974	—	—	116	151,431	128	11
Dutch	—	—	11	24,567	—	—	88	196,514	99	22
French	—	—	2	4,713	—	—	41	124,302	43	12
Greek	—	—	8	22,157	—	—	68	142,192	76	16
Italian	—	—	2	7,499	—	—	85	201,451	87	20
Japanese	—	—	3	13,178	—	—	22	72,680	25	8
Mexican	—	—	—	—	—	—	4	4,275	4	—
Norwegian	—	—	23	32,079	—	—	173	271,102	196	30
Peruvian	—	—	—	—	—	—	1	2,673	1	—
Portuguese	—	—	—	—	—	—	2	3,327	2	—
Russian	—	—	—	—	—	—	24	57,913	24	5
Siamese	—	—	—	—	—	—	1	2,229	1	—
Spanish	—	—	2	4,321	—	—	27	59,829	29	6
Swedish	—	—	6	13,993	—	—	83	130,375	89	14
Uruguayan	—	—	—	—	—	—	1	1,112	1	—
Total foreign	—	—	158	448,583	—	—	1,245	2,738,873	1,403	3,18
Total American and foreign	5	10,390	165	478,828	60	113,870	1,245	2,738,873	1,475	3,34

TABLE II.—Number and net tonnage of sail and steam vessels in the foreign service of the United States during year ended July 31, 1915, and not in the service during year preceding—Continued.

TOTAL ALL VESSELS.

Nationality of vessel.	Admitted to American registry.		New constructions.		Diverted to foreign trade from—				Total placed in service.	
	Number.	Net tons.	Number.	Net tons.	Coastwise trade.		Other trades.		Number.	Net tons.
					Number.	Net tons.	Number.	Net tons.		
American.....	14	21,806	8	30,342	185	222,862			207	275,010
Argentinian.....							2	3,842	2	3,842
Belgian.....							10	20,518	10	20,518
Brazilian.....							16	25,702	16	25,702
British.....			91	305,676			546	1,345,130	637	1,650,806
Chilean.....							1	1,653	1	1,653
Costa Rican.....							1	3,087	1	3,087
Cuban.....							1	902	1	902
Danish.....			12	20,974			118	154,130	130	175,104
Dutch.....			11	24,567			88	196,514	99	221,081
French.....			2	4,713			74	185,444	76	190,157
Greek.....			8	22,157			68	142,192	76	164,349
Italian.....			2	7,499			106	227,889	108	235,388
Japanese.....			3	13,168			22	72,680	25	85,848
Mexican.....							7	4,536	7	4,536
Norwegian.....			24	32,696			256	382,561	280	415,257
Peruvian.....							2	3,784	2	3,784
Portuguese.....							6	7,742	6	7,742
Russian.....							37	73,717	37	73,717
Siamese.....							1	2,229	1	2,229
Spanish.....			2	4,321			31	61,754	33	66,075
Swedish.....			6	13,993			85	133,121	91	147,114
Uruguayan.....							2	2,110	2	2,110
Total foreign.....			161	449,764			1,480	3,051,237	1,641	3,501,001
Total American and foreign.....	14	21,806	169	480,106	185	222,862	1,480	3,051,237	1,848	3,776,011

Includes a vessel of 2,707 tons net register, Southerner, laid up in New York, and a vessel of 4,278 tons net register, Oceana, disabled.

Includes 4 vessels (13,294 tons net register) built for coastwise and diverted to foreign trade. One of these vessels, the Gulfight, of 3,202 tons net register, was destroyed during the year.

TABLE III.—Number and net tonnage of vessels in the foreign trade of the United States admitted from foreign to American registry under act of Aug. 18, 1914, during year ended July 31, 1915.

Former registry.	Sail vessels.		Steam vessels.		Total all vessels.	
	Number.	Net tons.	Number.	Net tons.	Number.	Net tons.
Belgian.....			2	3,555	2	3,555
British.....	1 ²⁷	1 ²⁷ ,441	62 ¹	176,887	89	204,328
Chilean.....	1	1,332			1	1,332
Cuban.....			5	11,047	5	11,047
German.....			27 ¹	78,568	27	78,568
Italian.....	1	1,198			1	1,198
Mexican.....			4	3,989	4	3,989
Norwegian.....	1	595	1	442	2	1,037
Roumanian.....			1	3,059	1	3,059
Total.....	1 ³⁰	1 ³⁰ ,566	102 ¹	277,547	132	308,113

¹ Includes 1 vessel 330 tons net register wrecked.

² Includes 1 vessel 1,856 tons net register seized and 1 vessel 2,139 tons net register sunk by mine.

³ Includes 2 vessels 4,454 tons net register seized.

⁴ Includes 3 vessels 6,310 tons net register seized and 1 vessel 2,139 tons net register sunk by mine.

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TABLE IV.—Number and net tonnage of sail and steam vessels in the foreign service of the United States withdrawn for causes of war during year ended July 31, 1915.

SAIL VESSELS.

Nationality of vessel.	Interned or laid up.		Taken under Government charter.		Seized or captured.		Destroyed or disabled by belligerents.		Total withdrawn.	
	Number.	Net tons.	Number.	Net tons.	Number.	Net tons.	Number.	Net tons.	Number.	Net tons.
British.....							3	6,014	3	6,014
French.....							3	6,353	3	6,353
German.....	9	19,594			4	7,191			13	26,785
Norwegian.....	1	937					4	6,793	5	7,730
Total foreign..	10	20,531			4	7,191	10	19,099	24	46,821
Total American and foreign.....	10	20,531			4	7,191	10	19,099	24	46,821

STEAM VESSELS.

American.....					3	5,789	3	6,718	6	12,507
Austrian.....	39	119,892			1	2,170			40	122,062
Belgian.....	1	1,908					1	885	2	2,793
British.....	95	315,916	49	227,731	14	41,540	41	116,563	199	701,750
Danish.....					1	829	2	2,905	3	3,734
French.....			1	3,834					1	3,834
German.....	178	740,014			38	114,897	2	8,457	218	863,368
Mexican.....	1	1,135							1	1,135
Norwegian.....					1	944	3	6,759	4	7,703
Russian.....			1	4,844			2	2,960	3	7,804
Swedish.....							1	1,023	1	1,023
Total foreign..	314	1,178,865	51	236,409	55	160,380	52	139,552	472	1,715,206
Total American and foreign.....	314	1,178,865	51	236,409	58	166,169	55	146,270	478	1,727,713

TOTAL, ALL VESSELS.

American.....					3	5,789	3	6,718	6	12,507
Austrian.....	39	119,892			1	2,170			40	122,062
Belgian.....	1	1,908					1	885	2	2,793
British.....	95	315,916	49	227,731	14	41,540	44	122,577	202	707,764
Danish.....					1	829	2	2,905	3	3,734
French.....			1	3,834			3	6,352	4	10,186
German.....	187	759,608			42	122,088	2	8,457	231	890,153
Mexican.....	1	1,135							1	1,135
Norwegian.....	1	937			1	944	7	13,492	9	15,373
Russian.....			1	4,844			2	2,960	3	7,804
Swedish.....							1	1,023	1	1,023
Total foreign..	324	1,199,396	51	236,409	59	167,571	62	158,651	496	1,762,027
Total American and foreign.....	324	1,199,396	51	236,409	62	173,360	65	165,369	502	1,774,534

1 At Cronstadt blockaded.

2 At Ensenada; formerly a German steamer.

3 At Riga blockaded.

APPENDIX B.

TABLE I.—*Net tonnage of sailing and steam vessels entered and cleared at the leading ports of the United States during the years ended July 31, 1914 and 1915, distributed with respect to domestic ports of entries and clearances.*

ENTRIES.

Leading ports.	Year ended July 31—				Increase or decrease.	
	1914		1915			
	Number.	Net tonnage.	Number.	Net tonnage.	Net tonnage.	Per cent.
Atlantic coast:						
Portland, Me.	76	315,096	66	214,919	100,177	31.8
Boston, Mass.	617	2,257,647	542	1,541,533	716,114	31.7
New York, N. Y.	3,747	14,680,310	3,739	11,148,853	3,531,457	24.1
Philadelphia, Pa.	1,137	2,612,309	898	1,850,801	761,708	29.2
Baltimore, Md.	669	1,552,499	931	1,966,644	414,145	26.6
Newport News, Va.	216	547,375	454	1,224,343	676,968	123.7
Norfolk, Va.	286	709,301	476	1,122,548	413,247	58.3
Charleston, S. C.	127	239,370	68	108,326	131,044	54.7
Savannah, Ga. ¹	161	360,036	194	351,260	8,776	2.4
Fernandina, Fla.	32	50,025	7	5,082	44,943	89.8
Jacksonville, Fla.	52	70,924	22	25,795	45,129	63.6
Gulf coast:						
Key West, Fla.	596	580,714	423	422,800	157,914	27.2
Tampa, Fla. ²	168	312,023	64	63,833	248,190	79.5
Pensacola, Fla. ³	219	372,073	81	124,003	248,070	66.7
Mobile, Ala. ³	655	690,650	466	438,775	251,875	36.5
New Orleans, La. ³	1,472	2,843,838	1,504	2,972,469	128,631	4.5
Port Arthur, Tex.	148	383,746	170	485,361	101,615	26.5
Galveston, Tex.	603	1,324,299	721	1,534,414	210,115	15.9
Port Aransas, Tex.	23	53,341	2	3,822	49,519	92.8
Seabine, Tex.	50	124,823	72	174,020	49,197	39.4
Pacific coast:						
San Diego, Cal.	73	73,405	63	35,889	37,516	51.1
Los Angeles (San Pedro), Cal.	35	101,662	38	101,325	337	.3
San Francisco, Cal.	413	1,326,898	361	1,028,769	298,129	22.5
Astoria, Oreg.	50	104,191	53	107,442	3,251	3.1
Portland, Oreg.	31	68,104	30	54,409	13,695	20.1
Port Townsend, Wash.	101	336,212	95	286,641	49,571	14.8
Seattle, Wash.	31	120,286	31	122,250	1,964	1.6
Tacoma, Wash.	11	35,983	20	68,031	32,048	89.1
Total	11,799	32,247,140	11,591	27,584,157	4,662,983	13.8

¹ Includes entries and clearances at Brunswick, Ga.² Includes entries and clearances at Port Tampa, Fla.³ Includes entries and clearances at Gulfport, Miss.

80 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE

TABLE I.—*Net tonnage of sailing and steam vessels entered and cleared at the leading ports of the United States during the years ended July 31, 1914 and 1915, distributed respect to domestic ports of entries and clearances—Continued.*

CLEARANCES.

Leading ports.	Year ended July 31—				Increase or decrease	
	1914		1915			
	Number.	Net tonnage.	Number.	Net tonnage.	Net tonnage.	Per cent.
Atlantic coast:						
Portland, Me.	79	324,978	79	247,789	77,189	
Boston, Mass.	446	1,721,989	319	857,627	864,362	
New York, N. Y.	3,597	14,342,929	3,542	11,015,880	3,327,049	
Philadelphia, Pa.	986	2,199,845	867	1,757,021	442,824	
Baltimore, Md.	718	1,632,945	1,005	2,038,993	406,048	
Newport News, Va.	339	802,616	590	1,515,779	713,133	
Norfolk, Va.	459	1,136,057	680	1,519,104	383,047	
Charleston, S. C.	92	173,342	52	70,602	102,740	
Savannah, Ga.	213	501,705	221	418,257	83,448	
Fernandina, Fla.	13	10,808	6	4,155	6,653	
Jacksonville, Fla.	28	33,466	14	20,897	12,569	
Gulf coast:						
Key West, Fla.	587	576,210	418	413,195	163,015	
Tampa, Fla.	130	192,281	49	33,537	158,744	
Pensacola, Fla.	237	407,979	104	183,141	224,838	
Mobile, Ala.	655	724,615	492	444,660	279,955	
New Orleans, La.	1,464	2,820,913	1,459	2,895,472	74,559	
Port Arthur, Tex.	134	336,242	170	469,406	133,124	
Galveston, Tex.	606	1,382,837	688	1,572,970	190,133	
Port Aransas, Tex.	22	52,398	1	1,911	50,487	
Sabine, Tex.	57	131,434	70	183,223	51,789	
Pacific coast:						
San Diego, Cal.	64	27,654	56	26,229	1,425	
Los Angeles (San Pedro), Cal.	24	67,194	34	84,280	17,086	
San Francisco, Cal.	378	1,227,178	357	1,030,046	197,132	
Astoria, Ore.	59	118,750	48	102,132	16,618	
Portland, Ore.	47	113,220	54	105,877	7,343	
Port Townsend, Wash.	102	319,015	83	219,786	99,229	
Seattle, Wash.	41	182,847	37	132,961	49,886	
Tacoma, Wash.	25	94,177	34	96,840	2,663	
Total	11,602	31,655,694	11,529	27,461,770	4,193,924	

Italic indicates decrease.

- 1 Includes entries and clearances at Brunswick, Ga.
 2 Includes entries and clearances at Port Tampa, Fla.
 3 Includes entries and clearances at Gulfport, Miss.

TABLE II.—*Net tonnage of sail and steam vessels entered and cleared at leading ports of the United States in its trade with foreign countries during the years ended July 1914 and 1915, distributed with respect to foreign countries and registries.*

Foreign countries from which entered and for which cleared.	Registry.	Entries, year ended July 31—				Clearances, year ended July 31—			
		1914		1915		1914		1915	
		Net tonnage.	Per cent.	Net tonnage.	Per cent.	Net tonnage.	Per cent.	Net tonnage.	Per cent.
EUROPE.									
Austria-Hungary	British	108,184	25	6,210	32	86,037	29	8,660	
	German	3,148	1			3,148	1		
	Other foreign	320,529	74	13,683	68	206,199	70	4,405	
	Total	431,861	100	19,893	100	295,384	100	13,065	
Belgium	American	189,673	17	15,854	20	188,436	15	7,927	
	British	513,220	45	53,929	68	623,781	50	40,842	
	German	6,980	1			9,764	1		
	Other foreign	412,743	37	9,590	12	427,214	34	4,897	
	Total	1,122,616	100	79,373	100	1,254,195	100	53,666	

E II.—*Net tonnage of sail and steam vessels entered and cleared at leading ports of United States in its trade with foreign countries during the years ended July 31, 4 and 1915, distributed with respect to foreign countries and registries—Continued.*

Sign countries which entered and cleared.	Registry.	Entries, year ended July 31—				Clearances, year ended July 31—			
		1914		1915		1914		1915	
		Net tonnage.	Per cent.	Net tonnage.	Per cent.	Net tonnage.	Per cent.	Net tonnage.	Per cent.
PR—contd.									
Ark.	American	1,797	1	46,562	9			58,872	8
	British	22,143	9	6,427	1	42,754	14	3,329	1
	German	27,246	10			37,972	13		
	Other foreign	205,065	80	417,822	90	210,150	73	661,982	91
	Total	256,251	100	470,811	100	290,876	100	724,183	100
e.	American	16,116	1	21,815	1	9,007	1	59,932	2
	British	223,811	19	914,045	55	466,489	32	1,748,122	68
	German	86,957	8	33,525	2	103,936	7		
	Other foreign	827,173	72	694,222	42	895,040	60	780,097	30
	Total	1,154,057	100	1,668,607	100	1,474,472	100	2,588,151	100
any.	American			42,916	37	541	1	45,576	86
	British	422,536	12	12,226	10	648,028	18		
	German	3,000,866	84	49,237	43	2,785,205	79	5,182	10
	Other foreign	112,967	4	12,758	10	88,513	2	1,864	4
	Total	3,536,369	100	117,137	100	3,522,287	100	52,622	100
e.	American			7,927	4				
	British	36,695	18	63,638	28	58,888	44	193,889	51
	German							5,572	2
	Other foreign	168,158	82	152,183	68	74,461	56	176,720	47
	Total	204,853	100	223,748	100	133,349	100	376,181	100
.	American	326	1	73,923	3	326	1	67,937	3
	British	462,960	29	918,371	37	627,259	33	948,816	36
	German	277,982	12			282,940	15	1,818	1
	Other foreign	929,860	58	1,504,613	60	969,484	51	1,565,961	60
	Total	1,601,128	100	2,496,907	100	1,880,009	100	2,584,552	100
rilands.	American	12,832	1	67,793	5	3,275	1	61,523	4
	British	274,069	20	90,386	6	490,511	28	121,361	9
	German	106,700	8	9,664	1	164,936	10		
	Other foreign	952,951	71	1,249,534	88	1,064,335	61	1,227,439	87
	Total	1,346,552	100	1,417,377	100	1,723,057	100	1,410,323	100
y.	American					1,797	1		
	British	113,110	34	17,283	4	43,591	17	11,627	3
	German	6,926	2			4,369	2	4,807	1
	Other foreign	212,249	64	430,969	96	207,332	80	421,911	96
	Total	332,285	100	448,252	100	257,089	100	438,345	100
gal.	American			6,358	8			14,580	23
	British	49,494	37	28,035	35	45,875	39	17,304	28
	German	11,826	9			16,391	14		
	Other foreign	69,484	54	44,160	57	54,773	47	30,732	49
	Total	130,804	100	78,553	100	117,029	100	62,616	100
a.	American							10,213	7
	British	22,872	13	7,353	8	16,776	12	26,369	19
	German					2,835	2	2,772	2
	Other foreign	155,487	87	90,187	92	119,951	86	99,970	72
	Total	178,359	100	97,540	100	139,562	100	139,414	100
a.	American			5,479	1	129	1	11,679	2
	British	269,954	53	238,447	41	119,570	29	125,353	25
	German	19,576	4			25,017	6		
	Other foreign	216,333	43	328,825	58	260,125	64	361,175	73
	Total	505,863	100	572,751	100	404,831	100	498,207	100

82 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

TABLE II.—Net tonnage of sail and steam vessels entered and cleared at leading ports of the United States in its trade with foreign countries during the years ended July 1, 1914 and 1915, distributed with respect to foreign countries and registries—Continued

Foreign countries from which entered and for which cleared.	Registry.	Entries, year ended July 31—				Clearances, year ended July 31			
		1914		1915		1914		1915	
		Net tonnage.	Per cent.	Net tonnage.	Per cent.	Net tonnage.	Per cent.	Net tonnage.	Per cent.
EUROPE—contd.									
Sweden.....	American.....			31,277	13	599	1	64,961	
	British.....	4,642	11	14,236	6	6,622	10		
	German.....	1,999	4	2,876	1	33,706	49		
	Other foreign..	38,473	85	193,743	80	27,455	40	324,964	
	Total...	45,114	100	242,132	100	68,382	100	389,925	
United Kingdom	American.....	241,148	3	308,015	4	234,126	3	279,657	
	British.....	6,740,239	92	7,099,284	84	6,760,302	92	6,540,067	
	German.....	169,012	2	47,186	1	176,427	2	6,597	
	Other foreign..	195,799	3	957,636	11	178,627	3	541,886	
	Total...	7,346,198	100	8,412,121	100	7,349,482	100	7,368,207	
Other Europe...	American.....			1,276	1			12,213	
	British.....	89,645	57	161,536	68	51,816	62	128,452	
	German.....	42,428	27	2,361	1	16,297	19		
	Other foreign..	24,859	16	72,649	30	15,031	19	50,348	
	Total...	156,932	100	237,822	100	83,144	100	191,013	
Total Europe....	American.....	561,892	3	629,195	4	438,236	3	695,120	
	British.....	9,353,574	51	9,631,406	58	10,093,279	53	9,914,211	
	German.....	3,591,646	20	149,849	1	3,662,943	19	26,748	
	Other foreign..	4,842,130	26	6,172,574	37	4,798,690	25	6,254,391	
	Total...	18,349,242	100	16,583,024	100	18,993,148	100	16,890,470	
NORTH AMERICA.									
Central American States.	American.....	516,374	27	989,681	57	531,472	27	922,954	
	British.....	795,517	41	318,719	19	770,638	39	238,034	
	German.....	101,255	5			97,042	5	5,182	
	Other foreign..	516,743	27	470,642	24	574,324	29	465,596	
	Total...	1,929,889	100	1,729,042	100	1,973,476	100	1,631,766	
Mexico.....	American.....	709,830	32	641,247	45	517,699	28	593,708	
	British.....	769,771	35	383,947	26	705,158	38	34,979	
	German.....	306,935	14	19,143	1	267,002	14	13,337	
	Other foreign..	419,046	19	401,792	28	394,672	20	320,519	
	Total...	2,205,582	100	1,439,129	100	1,879,731	100	1,269,947	
West Indies.....	American.....	1,094,762	23	1,389,976	39	1,171,915	27	1,600,068	
	British.....	1,783,729	37	761,268	21	1,480,093	33	729,976	
	German.....	323,714	7	6,003	1	279,727	6	1,697	
	Other foreign..	1,387,595	33	1,405,100	39	1,482,525	34	1,338,188	
	Total...	4,794,800	100	3,559,297	100	4,417,260	100	3,660,879	
Other North America.	American.....	703	1	49,204	26	1,414	1	55,648	
	British.....	307,227	98	127,571	66	308,676	98	103,975	
	Other foreign..	2,901	1	14,076	8	3,685	1		
	Total...	305,831	100	185,801	100	313,725	100	159,623	
Total North America.	American.....	2,371,659	75	3,067,058	44	2,225,500	26	3,171,878	
	British.....	3,651,244	39	1,586,455	23	3,264,515	38	1,405,914	
	German.....	731,904	8	18,146	1	638,971	8	20,116	
	Other foreign..	2,531,285	28	2,241,610	32	2,455,206	28	2,124,303	
	Total...	9,236,107	100	6,913,269	100	8,584,192	100	6,722,211	
SOUTH AMERICA.									
Argentina.....	American.....	36,499	6	58,630	14	16,348	4	43,408	
	British.....	507,730	84	292,942	70	363,561	78	252,708	
	German.....	6,984	1			10,033	2		
	Other foreign..	57,630	9	70,268	16	76,010	16	114,446	
	Total...	608,843	100	421,840	100	465,952	100	410,562	

TABLE II.—Net tonnage of sail and steam vessels entered and cleared at leading ports of the United States in its trade with foreign countries during the years ended July 31, 14 and 1915, distributed with respect to foreign countries and registries—Continued.

Sign countries which entered and for which cleared.	Registry.	Entries, year ended July 31—				Clearances, year ended July 31—			
		1914		1915		1914		1915	
		Net tonnage.	Per cent.	Net tonnage.	Per cent.	Net tonnage.	Per cent.	Net tonnage.	Per cent.
AMERICAN-continued.	American.....	46,662	5	88,064	17	34,994	7	115,993	19
	British.....	695,105	79	287,549	56	385,620	74	345,969	56
	German.....	53,214	6	.....	.....	54,969	11	3,641	1
	Other foreign.....	84,714	10	138,942	27	42,278	8	159,068	24
	Total.....	879,695	100	514,555	100	517,861	100	624,671	100
CANADIAN.	American.....	16,552	4	73,230	18	15,583	4	57,168	21
	British.....	254,239	63	205,781	52	224,493	60	126,585	47
	German.....	97,513	24	5,573	2	104,858	28	.....	.....
	Other foreign.....	36,874	9	113,146	28	29,744	8	84,798	32
	Total.....	405,188	100	397,730	100	374,678	100	268,551	100
CUBAN.	American.....	599	1	17,674	78	3,012	5	24,532	51
	British.....	66,986	75	12,383	12	22,263	34	9,994	20
	German.....	16,359	18	.....	.....	29,177	44	.....	.....
	Other foreign.....	5,944	6	9,532	10	11,251	17	13,896	29
	Total.....	89,888	100	99,589	100	65,713	100	48,422	100
OTHER SOUTH AMERICA.	American.....	37,678	7	90,151	25	37,012	9	107,879	29
	British.....	343,169	70	208,427	58	267,648	69	189,662	50
	German.....	21,103	4	3,638	1	17,730	4	.....	.....
	Other foreign.....	94,043	19	53,021	16	66,403	18	76,798	21
	Total.....	495,991	100	355,237	100	388,793	100	374,339	100
CENTRAL SOUTH AMERICA.	American.....	137,988	6	387,749	22	106,959	6	348,980	20
	British.....	1,867,229	75	1,007,082	56	1,263,585	70	924,918	53
	German.....	195,183	8	9,211	1	216,787	12	3,641	1
	Other foreign.....	279,205	11	384,909	21	225,686	12	449,006	26
	Total.....	2,479,605	100	1,788,951	100	1,812,997	100	1,726,545	100
MISCELLANEOUS.	American.....	157,430	12	150,049	12	151,418	12	152,798	13
	British.....	64,541	50	67,032	56	610,474	48	636,755	55
	German.....	14,197	11	16,343	1	112,746	9	.....	.....
	Other foreign.....	353,998	27	371,879	31	387,681	31	382,324	32
	Total.....	1,596,266	100	1,210,303	100	1,262,319	100	1,151,865	100
AFRICAN.	American.....	116,442	31	105,949	25	114,537	23	118,614	22
	British.....	23,398	57	230,456	54	317,344	57	361,921	65
	German.....	19,963	5	.....	.....	63,270	12	.....	.....
	Other foreign.....	27,385	7	91,310	21	46,064	8	71,684	13
	Total.....	406,175	100	427,715	100	551,215	100	552,219	100
ASIAN.	American.....	13,147	2	50,909	8	10,838	3	40,165	10
	British.....	322,000	65	377,69	57	272,221	60	277,025	66
	German.....	27,465	4	3,011	1	46,231	10	.....	.....
	Other foreign.....	116,838	24	29,261	34	122,533	27	101,270	24
	Total.....	479,750	100	660,889	100	451,833	100	418,460	100
TOTAL ALL COUNTRIES.	American.....	3,018,568	10	4,390,909	16	3,057,488	10	4,577,543	17
	British.....	16,069,776	50	13,505,173	49	15,821,418	50	13,570,744	49
	German.....	4,008,458	15	196,575	1	4,740,918	15	50,505	(1)
	Other foreign.....	8,150,838	25	9,491,550	34	8,005,860	25	9,362,978	34
	Total.....	32,247,140	100	27,584,157	100	31,655,694	100	27,461,770	100

1 Less than one-half of 1 per cent.

TABLE III.—*Net tonnage entered and cleared at leading ports of the United States in sea trade with foreign countries during the years ended July 31, 1914 and 1915, distributed with respect to sail and steam vessels, and their registry.*

Years of entries and clearances and power of vessels.	Entries and clearances of vessels under—									
	American registry.		British registry.		German registry.		Other foreign registry.		Total all registries.	
	Net tonnage.	Per cent.	Net tonnage.	Per cent.	Net tonnage.	Per cent.	Net tonnage.	Per cent.	Net tonnage.	Per cent.
ENTRIES.										
1914—Sail.....	171,239	5.32	130,763	0.81	25,251	0.53	204,073	2.50	531,326	1.65
Steam.....	3,047,327	94.68	15,938,513	99.19	4,783,207	99.47	7,946,765	97.50	31,715,814	98.35
Total.....	3,218,566	100.00	16,069,276	100.00	4,808,458	100.00	8,150,838	100.00	32,247,140	100.00
1915—Sail.....	223,852	5.10	114,637	.85	—	—	313,712	3.31	652,201	2.36
Steam.....	4,167,057	94.90	13,390,486	99.15	196,575	100.00	9,177,838	96.69	26,931,956	97.64
Total.....	4,390,909	100.00	13,505,123	100.00	196,575	100.00	9,491,550	100.00	27,584,157	100.00
CLEARANCES.										
1914—Sail.....	153,179	5.01	112,388	.71	23,704	.60	172,846	2.15	468,117	1.48
Steam.....	2,904,309	94.99	15,709,030	99.29	4,711,224	99.40	7,863,014	97.85	31,187,577	98.52
Total.....	3,057,488	100.00	15,821,418	100.00	4,740,928	100.00	8,035,860	100.00	31,665,694	100.00
1915—Sail.....	291,741	6.44	118,322	.88	—	—	311,251	3.32	721,314	2.68
Steam.....	4,235,802	93.56	13,402,422	99.12	50,505	100.00	9,051,727	96.68	26,740,456	97.37
Total.....	4,527,543	100.00	13,520,744	100.00	50,505	100.00	9,362,978	100.00	27,461,770	100.00

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the years ended July 31, 1914 and 1915.*

PORTLAND, ME.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Number.	Net tonnage.	Number.	Net tonnage.	Number.	Net tonnage.	Number.	Net tonnage.
Europe:								
Austria-Hungary.....	1	2,486	2	4,723	—	—	2	1,434
Denmark.....	—	—	—	—	—	—	4	8,334
France.....	2	6,906	2	3,650	—	—	1	215
Germany.....	—	—	—	—	1	215	—	—
Italy.....	3	4,450	1	1,501	—	—	2	5,238
Netherlands.....	—	—	2	4,770	—	—	2	3,874
Portugal.....	1	2,147	1	2,147	—	—	—	—
Spain.....	—	—	—	—	1	1,205	—	—
United Kingdom.....	56	270,123	61	295,619	59	207,255	62	220,903
Other Europe.....	—	—	—	—	1	2,346	—	—
Total Europe.....	63	296,112	69	312,410	62	211,021	73	230,997
North America:								
Mexico.....	—	—	1	2,266	—	—	—	—
West Indies.....	8	5,712	7	6,011	2	484	3	3,510
Total North America....	8	5,712	8	8,277	2	484	3	3,510
South America:								
Argentina.....	1	2,408	—	—	—	—	—	—
Brazil.....	2	5,599	1	1,964	—	—	—	—
Chile.....	—	—	—	—	1	1,715	1	1,715
Total South America....	3	8,007	1	1,964	1	1,715	1	1,715
Oceania	—	—	—	—	—	—	1	865
Africa	2	5,265	1	2,327	1	1,699	1	1,699
Total all countries.....	76	315,096	79	324,978	66	214,919	79	247,789

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the years July 31, 1914 and 1915—Continued.*

BOSTON, MASS.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.
Europe:								
Austria-Hungary.....	1	4,536						
Belgium.....	25	111,311	15	74,895	2	8,920	1	4,384
Denmark.....	10	24,382	5	11,344	14	29,439	8	15,494
France.....	2	1,310	1	3,226	1	3,619	2	7,246
Germany.....	43	254,578	33	210,981	5	20,078		
Italy.....	21	137,471	17	115,231	15	103,937	12	70,616
Netherlands.....	22	79,874	18	65,634	19	64,114	9	30,517
Norway.....	3	6,614	2	3,737	9	20,063	7	14,196
Portugal.....	1	3,152						
Russia.....	2	5,964						
Spain.....	8	16,482	4	7,594	7	14,792		
Sweden.....	5	14,297	2	5,662	12	20,691	2	3,726
United Kingdom.....	179	990,208	165	921,582	179	695,737	121	459,989
Other Europe.....	2	17,326	2		2	11,038		
Total Europe.....	324	1,667,505	264	1,437,212	265	992,428	162	606,168
North America:								
Central American States..	43	89,503	39	79,691	33	71,585	27	59,129
Mexico.....	9	20,455			3	3,901		
West Indies.....	149	188,116	122	147,365	133	161,207	104	127,975
Total North America...	201	298,074	161	227,056	169	236,693	131	187,104
South America:								
Argentina.....	14	29,409	9	15,301	27	61,115	8	17,774
Brazil.....	1	2,729	1	829	1	886	1	886
Chile.....	4	15,009			2	6,301		
Colombia.....			2	2,800	1	717		
Other South America.....	7	14,839	1	1,432	6	16,405	1	2,125
Total South America...	26	61,986	13	20,362	37	85,424	10	20,785
Asia.....	60	209,352	6	20,033	55	181,354	7	24,309
Oceania.....	5	18,160			10	32,058	4	12,450
Africa.....	1	2,570	2	17,326	6	13,576	5	6,811
Total all countries.....	617	2,257,647	446	1,721,989	542	1,541,533	319	857,627

NEW YORK, N. Y.

Europe:								
Austria-Hungary.....	60	305,716	40	187,577	3	13,040	2	13,065
Belgium.....	105	659,468	103	641,615	5	21,670	5	23,462
Denmark.....	34	149,820	30	133,708	82	247,541	119	305,297
France.....	188	831,332	227	923,001	291	1,031,409	393	1,305,433
Germany.....	241	1,953,578	191	1,732,720	16	40,407	9	18,661
Greece.....	22	202,495	21	130,991	47	158,615	56	279,828
Italy.....	221	1,085,083	202	1,062,140	272	979,000	245	903,119
Netherlands.....	112	691,086	147	830,034	249	870,557	228	815,407
Norway.....	24	135,091	30	158,511	53	222,739	62	230,333
Portugal.....	27	70,727	25	65,057	16	36,299	14	32,118
Russia.....	19	81,429	12	50,284	10	34,545	22	65,422
Spain.....	87	203,366	52	127,787	79	189,540	59	144,117
Sweden.....	2	2,895	11	21,387	43	87,671	73	159,227
United Kingdom.....	587	3,479,018	520	3,315,513	767	3,324,879	548	2,737,383
Other Europe.....	21	117,129	10	50,713	25	72,532	28	112,850
Total Europe.....	1,750	9,970,223	1,621	9,461,038	1,958	7,336,074	1,803	7,134,722
North America:								
Central American States..	209	620,503	217	635,461	158	516,710	133	446,908
Mexico.....	189	549,237	152	455,854	136	378,911	93	263,271
West Indies.....	1,000	1,875,180	928	1,819,642	946	1,536,518	907	1,654,090
Other North America.....	91	302,353	93	308,925	61	168,756	56	158,547
Total North America...	1,489	3,347,273	1,390	3,219,882	1,301	2,590,945	1,189	2,522,876

86 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the years July 31, 1914 and 1915—Continued.*

NEW YORK, N. Y.—Continued.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.
South America:								
Argentina.....	90	235,203	76	225,346	68	198,635	43	112,816
Bra. il.....	134	358,183	140	379,616	101	226,478	124	311,261
Chile.....	11	27,675	25	82,655	19	49,884	1	87,700
Colombia.....	31	81,467	24	54,142	31	89,160	17	38,505
Other South America.....	121	284,043	113	236,327	110	218,941	100	198,714
Total South America.....	387	1,018,571	378	978,086	329	783,088	285	718,996
Asia.....	43	130,907	83	282,810	55	170,147	92	310,379
Oceania.....	21	54,809	62	181,733	23	61,045	62	167,443
Africa.....	57	158,527	63	213,780	73	207,554	51	161,464
Total all countries.....	3,747	14,680,310	3,597	14,342,929	3,739	11,148,853	3,542	11,015,880

PHILADELPHIA, PA.

Europe:								
Austria-Hungary.....	24	63,933	9	25,826	1	2,068	.....	1,982
Belgium.....	26	90,693	37	137,186	2	6,366	.....	50,723
Denmark.....	14	31,351	26	60,298	14	27,381	26	142,468
France.....	25	43,298	29	56,848	29	70,709	59	13,625
Germany.....	64	255,787	41	163,442	3	14,784	7	13,539
Greece.....	.....	.....	.....	.....	.....	.....	.....	152,297
Italy.....	23	91,476	35	121,486	55	152,297	63	168,468
Netherlands.....	33	108,022	46	148,481	29	79,158	42	116,469
Norway.....	53	151,949	19	48,144	33	84,746	23	57,507
Portugal.....	7	18,326	5	12,006	3	6,070	.....	.....
Russia.....	3	7,941	1	2,337	1	1,773	.....	.....
Spain.....	39	92,385	13	36,134	41	93,824	19	46,365
Sweden.....	5	15,404	8	19,889	16	24,414	21	33,405
United Kingdom.....	205	625,966	178	564,808	211	594,977	163	487,629
Other Europe.....	.....	.....	2	4,475	6	13,873	3	6,301
Total Europe.....	521	1,596,531	449	1,401,360	451	1,185,979	427	1,125,142
North America:								
Central American States..	4	8,414	3	9,792	14	26,200	4	4,880
Mexico.....	41	142,507	39	103,344	24	70,305	24	65,574
West Indies.....	452	585,450	426	533,950	345	415,167	357	429,798
Other North America.....	2	1,429	2	1,685	1	2,746	.....	.....
Total North America.....	499	737,800	470	648,771	384	514,418	385	500,232
South America:								
Argentina.....	16	25,008	10	14,989	13	24,979	14	31,426
Bra. il.....	16	39,318	9	19,961	5	9,672	14	34,937
Chile.....	9	27,712	3	5,847	14	41,883	6	14,322
Colombia.....	2	1,983	4	3,591	.....	.....	3	2,071
Other South America.....	13	18,791	9	15,514	3	4,664	2	2,605
Total South America.....	56	112,812	35	59,902	35	81,198	39	85,361
Asia.....	35	102,229	23	65,492	12	34,319	10	28,997
Oceania.....	3	6,491	1	1,699	1	2,569	3	11,414
Africa.....	23	56,446	8	22,711	15	32,178	3	5,455
Total all countries.....	1,137	2,612,309	986	2,199,845	898	1,850,601	867	1,757,021

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the year July 31, 1914 and 1915—Continued.*

BALTIMORE, MD.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Num-ber.	Net ton-nage.	Num-ber.	Net ton-nage.	Num-ber.	Net ton-nage.	Num-ber.	Net ton-nage.
Europe:								
Belgium.....	19	32,126	11	37,141			1	2,962
Denmark.....	9	22,835	11	26,733	48	76,889	90	127,754
France.....	9	27,601	24	68,949	41	103,469	98	245,980
Germany.....	58	310,081	62	333,088			1	5,182
Greece.....					7	16,786	7	17,229
Italy.....	15	35,194	25	57,581	130	316,058	122	298,002
Netherlands.....	28	128,520	40	151,512	56	172,180	65	191,502
Norway.....	2	3,042	2	2,972	16	44,858	44	57,468
Portugal.....	2	2,273	4	7,621	2	2,265		
Russia.....	6	15,001	5	13,516			3	7,537
Spain.....	25	58,214	15	34,054	40	85,757	13	25,844
Sweden.....	2	5,564			13	25,927	29	45,230
United Kingdom.....	66	226,715	81	263,059	222	525,361	145	394,958
Other Europe.....					12	22,234	3	3,915
Total Europe.....	231	861,656	280	996,036	587	1,383,464	621	1,426,573
North America:								
Central American States...	5	7,464	29	43,143	5	7,926	20	28,586
Mexico.....	25	67,854	43	103,454	26	63,485	33	84,362
West Indies.....	330	420,446	315	361,545	218	283,014	224	254,968
Other North America.....					1	1,872		
Total North America...	360	495,864	387	508,172	250	356,297	277	367,916
South America:								
Argentina.....	10	24,973	12	28,715	12	29,672	42	96,878
Brazil.....	23	52,719	6	16,973	21	49,331	8	16,358
Chile.....	12	31,463	4	10,221	8	25,704	4	11,137
Other South America.....	3	7,107	3	7,889	3	5,384	22	49,041
Total South America...	48	116,262	25	63,798	44	110,091	76	173,414
Asia.....	10	27,270	3	7,921	4	9,168	3	7,659
Oceania.....	2	6,527	4	11,127	5	11,353	2	5,389
Africa.....	18	44,920	19	45,891	41	90,271	26	58,042
Total all countries.....	669	1,552,499	718	1,632,945	931	1,966,644	1,005	2,038,993

NEWPORT NEWS, VA.

Europe:								
Austria-Hungary.....		*	1	2,571				
Belgium.....	7	17,359	10	23,167				
Denmark.....	1	2,854	3	7,691	12	21,170	13	21,540
France.....	7	16,295	19	41,111	56	169,836	100	289,774
Germany.....	19	57,665	43	113,674	2	6,501		
Greece.....					2	6,024	2	5,309
Italy.....	7	17,803	20	48,156	88	245,399	89	240,332
Netherlands.....	15	37,943	26	61,337	10	27,988	17	45,824
Norway.....	5	11,951	3	7,651	11	24,407	17	30,380
Portugal.....			1	1,163	1	1,186	1	2,800
Spain.....	3	4,965	3	4,984	12	28,180	11	23,988
Sweden.....	1	2,312			13	24,346	16	26,632
United Kingdom.....	54	154,999	86	237,447	149	455,091	165	517,236
Other Europe.....	2	4,768			8	23,842	7	19,694
Total Europe.....	121	328,944	215	548,952	364	1,033,970	438	1,212,509
North America:								
Central American States...	5	10,552	4	8,318	4	11,874	3	11,191
Mexico.....	9	25,616	12	23,557	4	8,249	7	12,370
West Indies.....	68	145,956	97	192,888	37	62,730	79	116,619
Total North America...	82	182,124	113	224,763	45	82,853	89	140,180

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the years July 31, 1914 and 1915—Continued.*

NEWPORT NEWS, VA.—Continued.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Num-ber.	Net ton-nage.	Num-ber.	Net ton-nage.	Num-ber.	Net ton-nage.	Num-ber.	Net ton-nage.
South America:								
Argentina.....	2	5,639	1	2,024	4	8,023	8	18,335
Brazil.....	3	10,754	1	3,539	8	20,622	25	48,444
Chile.....					8	23,288	7	18,905
Colombia.....					1	915	1	915
Other South America.....	2	4,826	2	4,826	5	6,736	8	12,576
Total, South America.....	7	21,219	4	10,389	26	59,584	49	99,175
Asia.....	1				1	1,774	1	3,495
Oceania.....		2,999	2	5,916			1	3,700
Africa.....	5	12,083	5	12,626	18	46,162	12	37,120
Total all countries.....	216	547,375	339	802,646	454	1,224,343	590	1,515,779

NORFOLK, VA.

Europe:								
Austria-Hungary.....	7	19,503	8	22,522				
Belgium.....	17	35,559	20	45,458	1	2,201	2	3,551
Denmark.....	3	7,235	4	9,882	8	12,437	24	33,112
France.....	5	12,779	16	33,853	25	68,008	38	100,623
Germany.....	28	68,512	46	117,191	3	8,914	2	3,814
Greece.....					6	14,639	9	21,401
Italy.....	27	80,634	80	229,466	135	363,308	168	460,807
Netherlands.....	16	36,885	29	76,201	15	43,320	18	38,722
Norway.....					4	10,384	5	10,467
Portugal.....	1	2,071			3	7,337	7	12,912
Russia.....			1	3,951				
Spain.....	5	12,193	8	21,873	12	25,103	18	36,747
Sweden.....	2	4,642	3	6,683	6	9,021	11	17,477
United Kingdom.....	36	96,631	71	190,306	84	207,089	89	223,891
Other Europe.....	2	5,104	3	7,974	8	13,455	5	4,011
Total Europe.....	149	381,748	289	765,340	310	785,216	396	967,535
North America:								
Central American States.....	4	9,090	21	48,387	6	22,904	26	69,823
Mexico.....	12	27,739	13	30,310	9	22,438	13	29,447
West Indies.....	51	100,368	71	113,742	62	96,777	87	131,063
Other North America.....	2	2,046	4	2,715	3	4,514	1	1,076
Total North America.....	69	139,243	109	195,154	80	146,633	127	231,409
South America:								
Argentina.....	11	27,307	8	19,627	14	35,120	23	53,359
Brazil.....	24	68,159	12	39,179	26	43,432	59	98,220
Chile.....	5	19,542	7	26,265	15	46,222	11	29,699
Colombia.....					1	2,389	1	2,389
Other South America.....	8	20,846	9	20,125	3	8,219	22	40,075
Total South America.....	48	135,854	36	105,196	59	135,382	116	223,742
Asia.....	3	11,862	3	11,862	4	5,342	6	13,746
Oceania.....			4	12,410			7	24,010
Africa.....	17	40,594	18	46,095	23	49,975	28	58,662
Total all countries.....	286	709,301	459	1,136,057	476	1,122,548	680	1,519,104

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the years July 31, 1914 and 1915—Continued.*

CHARLESTON, S. C.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.
Europe:								
Belgium.....	3	6,609	2	4,060				
Denmark.....					2	2,334	7	9,111
France.....	1	2,451					1	842
Germany.....	34	76,250	24	55,045				
Italy.....			1	2,891			2	3,587
Netherlands.....	2	4,902	1	2,327	7	15,481	2	3,871
Norway.....	1	722	1	722	2	1,327	1	664
Portugal.....	9	10,391	3	3,473	9	9,465	1	1,220
Spain.....	4	8,257	4	6,987	7	13,785	2	3,713
Sweden.....					1	1,914	1	1,914
United Kingdom.....	20	53,709	16	56,183	19	39,721	13	25,676
Total Europe.....	74	163,291	52	131,678	47	84,027	30	50,598
North America:								
Central American States.....	4	2,148	4	2,148	3	4,328	3	4,804
Mexico.....	1	5,635	1	5,635	1	1,461	1	1,461
West Indies.....	31	25,825	29	23,405	13	7,524	16	9,279
Total North America.....	36	33,608	34	31,188	17	13,313	20	15,544
South America:								
Brazil.....	2	4,785						
Chile.....	8	25,426	3	8,045	3	9,108	1	2,998
Colombia.....	4	3,171	3	2,431				
Other South America.....	2	6,662					1	1,462
Total South America.....	16	40,024	6	10,476	3	9,108	2	4,460
Africa.....	1	2,447			1	1,878		
Total all countries.....	127	239,370	92	173,342	68	108,326	52	70,602

SAVANNAH, GA.

Europe:								
Belgium.....	3	4,038	5	11,089				
Denmark.....			3	5,402	6	9,463	32	48,980
France.....	10	20,015	26	56,031	3	5,580	8	18,503
Germany.....	55	132,902	53	206,490	4	10,927	5	13,436
Greece.....					2	4,554		
Italy.....	1	2,726	1	2,726	11	20,836	9	22,877
Netherlands.....	13	33,311	18	45,836	12	23,539	18	39,311
Norway.....					6	9,459	4	5,951
Portugal.....	3	3,162	1	851	2	2,997	2	3,125
Russia.....			1	1,573				
Spain.....	10	19,492	13	29,319	9	17,288	16	31,282
Sweden.....					10	15,253	30	37,431
United Kingdom.....	24	59,457	42	99,274	88	174,505	79	166,309
Other Europe.....					2	2,765	1	1,137
Total Europe.....	119	275,103	193	458,591	155	296,866	204	388,342
North America:								
Central American States.....					1	59		
Mexico.....	2	5,315	2	2,812	1	1,526		
West Indies.....	7	9,077	5	8,612	12	10,360	11	15,402
Total North America.....	9	14,392	7	11,424	14	11,945	11	15,402
South America:								
Argentina.....	6	12,688	2	3,078				
Brazil.....	5	10,949			1	1,660	1	1,660
Chile.....	6	16,777	1	2,759	4	11,103	1	5,323
Other South America.....	6	6,717	2	4,756	2	1,999		
Total South America.....	23	47,131	5	10,593	7	14,762	2	6,983
Asia.....	1	3,189	5	14,578	1	2,875	1	2,610
Oceania.....	1	2,874			1	669		
Africa.....	8	17,347	3	6,519	16	24,143	3	4,920
Total all countries.....	161	360,036	213	501,705	194	351,260	221	418,257

90 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the years July 31, 1914 and 1915—Continued.*

FERNANDINA, FLA.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.
Europe:								
Belgium.....	1	1,797	1	1,797				
Germany.....	1	2,284						
Spain.....	1	2,554	2	2,248			1	299
Sweden.....			1	599				
United Kingdom.....	4	12,119	1	1,797				
Total Europe.....	7	16,754	5	6,441			1	299
North America:								
Central American States..	2	4,196	1	1,021			1	1,021
West Indies.....	18	21,868	4	1,245	1	299	2	728
Other North America.....			1	400	1	544		
Total North America...	20	26,064	6	2,666	2	843	3	1,749
South America:								
Argentina.....			1	990				
Other South America.....	1	699			1	271		
Total South America...	1	699	1	990	1	271		
Africa.....	4	6,508	1	711	4	3,968	2	2,107
Total all countries.....	32	50,025	13	10,808	7	5,062	6	4,155

JACKSONVILLE, FLA.

Europe:								
Belgium.....	1	1,174	1	1,174				
Germany.....	7	15,993	1	2,193				
Netherlands.....					3	3,518	1	1,415
Norway.....			1	2,518				
Spain.....	3	6,190	1	267	1	1,939		
United Kingdom.....	3	8,019			2	3,410	3	7,485
Total Europe.....	14	31,376	4	6,152	6	8,867	4	8,900
North America:								
Central American States..	1	720	6	5,514	1	1,400	2	1,709
Mexico.....	3	5,639	3	6,068	2	3,278	2	3,076
West Indies.....	27	20,456	14	13,128	5	3,621	4	3,521
Other North America.....					3	2,265		
Total North America...	31	26,815	23	24,710	11	10,564	8	8,306
South America:								
Argentina.....	1	2,804	1	2,604				
Brazil.....	2	4,312			1	1,408		
Chile.....	1	2,734						
Other South America.....	2	2,816			3	3,400	1	2,125
Total South America...	6	12,466	1	2,604	4	4,808	1	2,125
Africa.....	1	267			1	1,556	1	1,556
Total all countries.....	52	70,924	28	33,466	22	25,795	14	20,997

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the years July 31, 1914 and 1915—Continued.*

KEY WEST, FLA.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.
Europe:								
France.....					2	5,099		
Germany.....	4	6,511	2	2,539	1	2,042	1	2,042
Italy.....	1	2,522			1	1,756		538
Sweden.....			1	2,121				
United Kingdom.....					4	9,725		
Other Europe.....							2	4,121
Total Europe.....	5	9,033	3	4,650	8	18,634	4	6,701
North America:								
Central American States.....	9	1,463	2	141	8	5,406	3	3,605
Mexico.....			3	3,209	4	8,244	3	4,898
West Indies.....	562	570,218	579	568,210	402	388,541	406	397,903
Total North America...	591	571,681	584	571,560	414	402,193	414	406,494
Africa.....					1	1,963		
Total all countries	596	580,714	587	576,210	423	422,800	418	413,196

TAMPA AND PORT TAMPA, FLA.

Europe:								
Belgium.....	2	7,665	4	8,747				
France.....	4	8,538	10	18,637				
Germany.....	3	8,963	3	9,706				
Italy.....	5	13,502	3	7,942	3	8,555		
Netherlands.....	4	12,262	1	4,105	1	2,575		
Norway.....	1	1,692						
Portugal.....	1	1,939	2	3,499				
Spain.....	3	6,243	3	5,681	4	8,669	5	9,134
Sweden.....			1	1,564				
United Kingdom.....	18	57,922	5	17,737	5	11,985	1	2,680
Other Europe.....	1	1,425						
Total Europe.....	42	120,151	32	77,618	13	31,784	6	11,814
North America:								
Central American States.....	3	7,005	1	59	1	59	1	59
Mexico.....	48	81,200	52	76,237	23	10,950	22	13,865
West Indies.....	53	52,641	40	26,198	24	15,191	20	7,799
Total North America...	104	140,846	93	102,494	48	26,200	43	21,723
South America:								
Argentina.....	4	10,300	1	2,193				
Brazil.....	6	16,734						
Other South America.....	1	2,512			1	2,345		
Total South America...	11	29,546	1	2,193	1	2,345		
Asia.....			1	2,267				
Africa.....	11	21,480	3	7,709	2	3,504		
Total all countries.....	168	312,023	130	192,281	64	63,833	49	33,537

92 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARIN

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the July 31, 1914 and 1915—Continued.*

PENSACOLA, FLA.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Number.	Net tonnage.	Number.	Net tonnage.	Number.	Net tonnage.	Number.	Net tonnage.
Europe:								
Belgium.....	4	8,135	2	5,404				
Denmark.....			4	6,458	3	4,163	5	
France.....	4	7,086	15	35,358	2	4,783	4	
Germany.....	20	42,049	15	38,470	1	2,357		
Italy.....	12	26,399	22	45,026	10	21,404	13	
Netherlands.....	3	5,339	11	24,803	1	921		
Portugal.....	2	1,823	1	658	1	1,149		
Spain.....	5	10,330	13	20,713	4	8,151	3	
Sweden.....			1	2,737				
United Kingdom.....	25	50,139	33	74,120	24	38,892	38	
Total Europe.....	75	151,300	117	254,747	46	81,820	63	
North America:								
Central American States.....	11	21,365	10	13,191	5	7,811	2	
Mexico.....	4	6,143	1	1,261				
West Indies.....	54	55,494	46	25,316	19	12,583	18	
Total North America.....	69	83,002	57	39,768	24	20,394	20	
South America:								
Argentina.....	14	27,245	21	41,814	3	6,311	7	
Brazil.....	29	49,845	9	15,137	3	6,071	2	
Chile.....	2	6,030	2	4,345	1	2,759		
Other South America.....	8	12,074	9	11,261			6	
Total South America.....	53	95,194	41	72,557	7	15,141	15	
Asia.....	1	3,177	3	9,468			1	
Oceania.....	1	2,914	1	2,914			1	
Africa.....	20	36,486	18	28,525	4	6,648	4	
Total all countries.....	219	372,073	237	407,979	81	124,003	104	

MOBILE, ALA.

Europe:								
Belgium.....	3	6,733	8	17,836				
Denmark.....					2	3,192	6	
France.....	3	6,909	7	19,568			2	
Germany.....	11	27,705	19	47,531				
Italy.....	1	2,444	5	10,851	1	538	3	
Netherlands.....	6	13,441	11	28,241	1	4,231	1	
Norway.....					3	4,167		
Portugal.....	3	3,456	1	1,164				
Spain.....	12	25,094	10	16,843	10	15,353	9	
Sweden.....					1	856	1	
United Kingdom.....	27	81,717	45	120,213	33	66,646	40	
Total Europe.....	66	167,499	106	262,247	51	94,993	62	
North America:								
Central American States.....	224	143,554	212	130,786	194	112,815	190	
Mexico.....	48	65,913	34	44,458	44	53,202	32	
West Indies.....	265	215,612	257	206,393	161	154,544	184	
Total North America.....	537	425,079	503	381,637	399	320,561	406	
South America:								
Argentina.....	13	29,745	17	33,907	1	1,970	12	
Brazil.....	20	33,478	9	13,952	3	3,308	5	
Chile.....	1	1,754					1	
Colombia.....	1	208	2	1,690	1	452	1	
Other South America.....	7	14,386	12	21,738	3	2,706	4	
Total South America.....	42	79,571	40	71,287	8	8,436	23	
Oceania.....					3	8,016		
Africa.....	10	18,501	6	9,444	5	6,779	1	
Total all countries.....	655	660,650	655	724,615	466	438,775	492	

SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE. 93

TABLE IV.—Net tonnage of sail and steam vessels entered and cleared during the years July 31, 1914 and 1915—Continued.

NEW ORLEANS, LA.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.
Europe:								
Austria-Hungary.....	15	34,687	16	49,844	3	4,785	1	.....
Belgium.....	17	53,362	47	138,544	2	5,667	1	1,637
Denmark.....	4	10,790	9	18,441	8	13,082	25	41,893
France.....	31	108,777	38	119,179	50	139,916	105	292,982
Germany.....	36	137,749	53	178,146	.....	.....	1	2,139
Greece.....	.....	.....	.....	.....	.....	.....	2	5,572
Italy.....	24	64,872	33	89,937	69	172,433	76	190,090
Netherlands.....	32	109,758	55	171,812	23	70,829	30	81,686
Norway.....	2	2,818	4	9,571	6	13,096	7	15,889
Portugal.....	11	11,337	15	17,319	4	5,979	8	8,289
Russia.....	25	65,111	25	64,988	24	61,222	24	58,463
Spain.....	3	6,665	6	11,077	7	14,894	21	39,512
Sweden.....	.....	.....	2	4,180	3	6,171	5	10,893
United Kingdom.....	137	509,755	128	467,771	276	834,557	235	741,626
Other Europe.....	.....	.....	.....	.....	12	26,705	4	15,725
Total Europe.....	337	1,115,681	431	1,338,809	487	1,369,336	544	1,509,996
North America:								
Central American States..	550	734,909	552	731,768	474	714,816	468	704,761
Mexico.....	306	420,403	283	378,636	249	329,970	242	310,482
West Indies.....	191	332,952	168	286,773	183	301,180	162	266,037
Other North America.....	.....	.....	.....	.....	2	3,788	.....	.....
Total North America...	1,047	1,488,264	1,003	1,397,177	908	1,349,754	872	1,281,280
South America:								
Argentina.....	21	63,565	16	48,387	10	29,281	12	32,868
Brazil.....	49	132,275	6	16,631	43	95,024	8	13,105
Chile.....	4	11,151	2	4,781	11	24,471	1	3,163
Colombia.....	1	1,059	1	1,059	4	5,719	3	4,090
Other South America.....	7	17,332	4	10,945	7	18,242	1	1,113
Total South America...	82	225,382	29	81,803	75	172,737	25	54,339
Asia.....	.....	.....	.....	.....	2	7,036	7	22,018
Oceania.....	1	1,025	.....	.....	1	2,798	1	3,006
Africa.....	5	13,486	1	3,124	31	70,808	10	24,833
Total all countries.....	1,472	2,843,838	1,464	2,820,913	1,504	2,972,469	1,459	2,895,472

PORT ARTHUR, TEX.

Europe:								
Belgium.....	7	20,288	13	34,670	.....	.....	.....	.....
Denmark.....	.....	.....	1	2,491	2	4,416	1	1,279
France.....	4	11,436	5	12,588	4	8,194	4	9,907
Germany.....	5	12,490	7	16,090	1	3,202	.....	.....
Italy.....	1	2,575	1	2,575	6	17,303	8	22,012
Netherlands.....	12	31,670	15	38,239	4	10,724	3	9,011
Norway.....	.....	.....	3	9,238	2	2,086	4	9,199
Portugal.....	.....	.....	.....	.....	1	1,035	1	1,035
Spain.....	.....	.....	.....	.....	1	2,664	2	4,231
Sweden.....	.....	.....	.....	.....	.....	.....	2	2,357
United Kingdom.....	65	189,559	47	133,799	109	343,238	95	304,775
Other Europe.....	2	6,153	1	2,656	1	2,809	1	4,119
Total Europe.....	96	274,171	93	252,346	131	395,791	121	367,925
North America:								
Central American States..	1	4,068	.....	.....	.....	.....	.....	.....
Mexico.....	26	52,813	22	44,911	22	40,470	22	43,065
West Indies.....	7	11,545	7	10,239	5	7,130	10	11,456
Total North America...	34	68,426	29	55,150	27	47,600	32	54,521

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the July 31, 1914 and 1915—Continued.*

PORT ARTHUR, TEX.—Continued.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Number.	Net tonnage.	Number.	Net tonnage.	Number.	Net tonnage.	Number.	Net tonnage.
South America:								
Argentina.....	6	13,826	2	4,712	1	2,111	5	
Brazil.....	4	8,887			3	16,197	3	
Colombia.....					1	237		
Other South America....	1	589	2	4,289	1	2,767	1	
Total South America....	11	23,302	4	9,001	6	21,312	9	
Asia.....			1	2,750	3	7,599	3	
Oceania.....	1	2,831	2	5,606				
Africa.....	6	15,016	5	11,429	3	13,059	5	
Total all countries.....	148	383,746	134	336,282	170	485,361	170	

GALVESTON, TEX.

Europe:								
Austria-Hungary.....			1	2,321				
Belgium.....	10	24,249	19	48,534	1	2,679	1	
Denmark.....	2	4,599	5	8,428	8	11,577	19	
France.....	12	34,279	23	65,027	20	49,198	57	
Germany.....	31	102,258	73	232,640				
Greece.....	1	2,358	1	2,358	4	9,591	12	
Italy.....	10	30,497	16	49,220	34	83,513	58	
Netherlands.....	13	40,073	22	60,643	9	19,035	9	
Norway.....	8	18,406	6	14,025	4	8,529	4	
Portugal.....					3	4,801	1	
Russia.....	1	2,913	1	2,913				
Spain.....	13	35,403	26	76,490	21	53,607	45	
Sweden.....					12	21,380	28	
United Kingdom.....	95	309,294	120	373,436	211	578,448	172	
Other Europe.....	2	5,027			16	37,850	6	
Total Europe.....	198	609,356	313	936,035	343	880,208	416	
North America:								
Central American States..	96	83,410	92	73,701	68	73,923	53	
Mexico.....	164	317,655	141	275,999	184	321,940	158	
West Indies.....	80	153,953	47	68,639	51	85,671	37	
Total North America....	340	555,018	280	418,339	302	481,534	248	
South America:								
Argentina.....	27	63,615	6	12,435	8	19,424		
Brazil.....	29	77,102	4	7,582	19	45,542	4	
Chile.....					1	1,830		
Other South America....	2	3,543			5	12,125	2	
Total South America....	58	144,260	10	20,017	33	78,921	6	
Asia.....	1	2,337	2	5,599	3	7,756	9	
Oceania.....					5	13,505	2	
Africa.....	6	13,328	1	2,847	34	72,490	7	
Total all countries.....	603	1,324,299	606	1,382,837	721	1,534,414	688	

PORT ARANSAS, TEX.

Europe:								
United Kingdom.....	2	6,025	4	9,845				
North America:								
Central American States..	2	3,820						
Mexico.....	19	43,496	18	42,553	2	3,822	1	
Total North America....	21	47,316	18	42,553	2	3,822	1	
Total all countries.....	23	53,341	22	52,398	2	3,822	1	

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the years July 31, 1914 and 1915—Continued.*

SABINE, TEX.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.
Europe:								
Belgium.....			1	1,637				
France.....	3	8,261	3	8,261				
Germany.....	1	2,847	3	8,571				
Italy.....	1	2,154	1	2,154			2	5,058
Netherlands.....	2	4,945	3	4,912	3	6,093	2	4,129
Portugal.....			1	2,071				
Sweden.....			2	3,510				
United Kingdom.....	7	20,073	5	14,843	18	64,120	19	68,883
Other Europe.....					3	8,313	1	3,509
Total Europe.....	14	38,280	19	46,009	24	78,526	24	81,579
North America:								
Central American States.....							1	91
Mexico.....	27	73,474	31	74,490	26	77,680	26	84,600
West Indies.....	4	3,368	1	291	17	9,255	14	7,077
Total North America...	31	76,842	32	74,781	43	86,935	41	91,768
South America:								
Argentina.....	2	3,426	2	3,426	2	1,080	4	6,844
Brazil.....	1	1,555	2	2,498	1	1,146		
Total South America...	3	4,981	4	5,924	3	2,226	4	6,844
Asia.....					1	3,301	1	3,032
Oceania.....	1	2,236	1	2,236				
Africa.....	1	2,484	1	2,484	1	3,032		
Total all countries.....	50	124,823	57	131,434	72	174,030	70	183,223

SAN DIEGO, CAL.

Europe:								
Germany.....					1	1,979		
United Kingdom.....	1	2,773	1	2,773	1	2,232		
Total Europe.....	1	2,773	1	2,773	2	4,211		
North America:								
Central American States.....					3	8,507	2	5,037
Mexico.....	70	64,696	61	18,945	57	21,283	53	19,304
Total North America...	70	64,696	61	18,945	60	29,790	55	24,341
Asia.....	2	5,936	2	5,936				
Oceania.....					1	1,888	1	1,888
Total all countries.....	73	73,405	64	27,654	63	35,889	56	26,229

SAN PEDRO, CAL.

Europe:								
Belgium.....	4	13,293	2	6,639	3	11,955	1	3,826
Denmark.....					2	5,795	1	3,121
France.....					1	1,969	1	1,969
Germany.....	1	3,010	1	3,010				
United Kingdom.....	1	2,159			3	10,833	3	12,672
Total Europe.....	6	18,462	3	9,649	9	30,552	6	21,588
North America:								
Central American States.....	12	36,665	11	34,071	2	9,255	3	9,929
Mexico.....	7	17,892	6	10,593	6	3,133	5	1,185
Total North America...	19	54,557	17	44,664	8	12,388	8	11,114

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the year July 31, 1914 and 1915—Continued.*

SAN PEDRO, CAL.—Continued.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.	Num- ber.	Net ton- nage.
South America:								
Argentina.....	1	1,130					1	
Brazil.....					1	3,788	1	
Chile.....	3	11,701	2	8,540	5	20,800	6	2
All other South America.....					6	11,063	6	1
Total South America.....	4	12,831	2	8,540	12	35,651	14	3
Asia.....	3	8,257			7	19,139	5	1
Oceania.....	3	7,555	2	4,341	2	3,595	1	
Total all countries.....	35	101,662	24	67,194	38	101,325	34	8

SAN FRANCISCO, CAL.

Europe:								
Belgium.....	7	19,767	3	7,637	3	7,388	1	
Denmark.....	1	2,895			1	2,232	6	1
France.....	2	6,627	2	6,627	2	3,878	2	
Germany.....	13	36,226	8	22,679	2	3,801		
Italy.....	1	326	1	326	3	7,281	1	
Netherlands.....	5	9,351			2	3,114		
Norway.....					2	2,391	1	
United Kingdom.....	16	47,379	19	42,575	35	93,706	58	16
Sweden.....					2	4,488	3	
Total Europe.....	45	122,571	33	89,844	52	128,279	72	19
North America:								
Central American States.....	57	135,107	60	147,462	53	127,518	48	11
Mexico.....	49	168,764	45	148,093	21	19,782	20	1
West Indies.....	1	563			2	5,712	3	
Total North America.....	107	304,434	105	295,555	76	153,012	71	13
South America:								
Argentina.....			1	2,826	2	2,730		
Chile.....	48	168,716	53	189,913	23	61,951	26	7
Other South America.....	22	52,097	13	26,509	10	18,785	8	1
Total South America.....	70	220,813	67	219,218	35	83,466	34	8
Asia.....	122	462,366	107	442,990	113	460,413	104	42
Oceania.....	68	1,291,111	65	175,625	83	231,653	75	18
Africa.....	1	3,863	1	3,616	2	1,946	1	
Total all countries.....	413	1,326,898	378	1,227,178	361	1,628,769	357	1,03

ASTORIA, OREG.

Europe:							
Belgium.....			2	5,476			
France.....					1	2,723	1
Germany.....	1	4,437					
United Kingdom.....	5	11,815	14	32,209	5	11,568	21
All other Europe.....							4
Total Europe.....	6	16,252	16	37,685	6	14,291	23
North America:							
Mexico.....	5	10,578	2	2,880	2	4,619	
West Indies.....					1	1,789	
Total North America.....	5	10,578	2	2,880	3	6,408	

TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the years July 31, 1914 and 1915—Continued.*

ASTORIA, OREG.—Continued.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Num-ber.	Net ton-nage.	Num-ber.	Net ton-nage.	Num-ber.	Net ton-nage.	Num-ber.	Net ton-nage.
South America:								
Argentina.....			1	2,826				
Brazil.....	1	2,332						
Chile.....	10	18,716	9	11,835	13	20,053	1	498
All other South America.....	9	10,263	7	7,549	8	13,489	5	6,539
Total South America.....	20	31,311	17	22,210	21	33,542	6	7,035
Asia.....	10	29,330	13	36,955	8	23,362	7	22,886
Oceania.....	9	16,720	9	16,857	11	23,655	9	17,317
Africa.....			2	2,163	4	6,184	3	5,372
Total all countries.....	50	104,191	59	118,750	53	107,442	48	102,132

PORTLAND, OREG.

Europe:								
Belgium.....			1	5,993				
France.....	1	157			1	157		
Germany.....	3	7,386	1	2,057				
Italy.....					1	2,707		
United Kingdom.....	2	4,425	12	27,226	7	13,233	27	53,618
Total Europe.....	6	11,948	14	35,276	9	16,157	27	53,618
North America:								
Central American States.....	1	3,209	1	3,209			1	2,597
Mexico.....	3	6,225		2,115				
West Indies.....			1	3,669				
Total North America.....	4	9,434	3	8,993			1	2,597
South America:								
Chile.....	5	6,247	9	9,619	9	16,811	3	6,076
Other South America.....	3	7,778	2	5,985	3	4,746	3	4,859
Total South America.....	8	14,025	11	15,604	12	21,557	6	10,935
Asia.....	7	21,233	12	37,698	4	12,264	8	23,121
Oceania.....	3	6,361	4	8,958	4	2,935	10	13,036
Africa.....	3	5,133	3	6,691	1	1,496	2	2,570
Total all countries.....	31	68,104	47	113,220	30	54,409	54	105,877

PORT TOWNSEND, WASH.

Europe:								
Belgium.....	1	2,997			1	3,791		
Germany.....	2	6,153	3	10,996				
Netherlands.....	1	4,170	1	4,170				
United Kingdom.....	12	49,970	6	22,037	14	49,113	13	36,851
Total Europe.....	16	63,230	10	37,203	15	52,904	13	36,851
North America:								
Central American States.....	1	2,724	2	5,613	1	1,335	1	523
Mexico.....	10	16,596	11	19,197	1	430	1	513
Total North America.....	11	19,320	13	24,810	2	1,765	2	1,036
South America:								
Chile.....	10	13,495	6	8,813	11	21,823	7	13,448
Other South America.....	3	5,784	3	7,361	1	1,188	2	2,376
Total South America.....	13	19,279	9	16,174	12	23,011	9	15,824

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TABLE IV.—*Net tonnage of sail and steam vessels entered and cleared during the years July 31, 1914 and 1915—Continued.*

PORT TOWNSEND, WASH.—Continued.

Foreign country served.	1914				1915			
	Entries.		Clearances.		Entries.		Clearances.	
	Number.	Net tonnage.	Number.	Net tonnage.	Number.	Net tonnage.	Number.	Net tonnage.
Asia.....	43	163,769	44	166,520	47	170,866	30	107,619
Oceania.....	17	67,561	24	68,603	19	38,095	27	65,586
Africa.....	1	2,993	2	5,805	.....	.....	2	2,670
Total all countries.....	101	336,212	102	319,015	95	266,641	83	219,796

SEATTLE, WASH.

Europe:								
Belgium.....			1	3,499	1	3,736	2	6,454
Germany.....	2	7,331	2	6,937	1	1,930	.....	.....
United Kingdom.....	5	22,225	7	33,511	8	35,026	9	30,668
Total Europe.....	7	29,556	10	43,947	10	40,692	11	37,119
North America:								
Central American States.....					1	1,806	1	3,197
Mexico.....	2	9,637	1	2,824	.....	.....	1	433
Total North America.....	2	9,637	1	2,824	1	1,806	2	3,630
South America:								
Argentina.....	1	752	1	752	.....	.....	.....	.....
Chile.....	1	1,040	1	1,040	1	1,876	1	819
Other South America.....	.....	.....	1	605	1	1,762	1	3,267
Total South America.....	2	1,792	3	2,397	2	3,638	2	4,086
Asia.....	16	57,943	20	91,244	15	54,969	18	70,649
Oceania.....	4	21,358	7	42,435	3	21,145	4	17,227
Total all countries.....	31	120,286	41	182,847	31	122,250	37	132,961

TACOMA, WASH.

Europe:								
Denmark.....							1	2,224
France.....			1	1,958	.....	.....	.....	.....
Germany.....	1	3,654	2	8,091	.....	.....	3	7,002
Russia.....	.....	.....	.....	.....	.....	.....	8	17,231
United Kingdom.....	.....	.....	3	18,000	3	12,270	.....	.....
Total Europe.....	1	3,654	6	28,049	3	12,270	12	27,417
North America:								
Central American States.....					1	2,803	1	2,803
West Indies.....					.....	.....	1	2,842
Total North America.....					1	2,803	2	5,645
South America:								
Argentina.....					1	1,380	.....	.....
Chile.....					3	10,148	2	6,951
Other South America.....	1	2,287	1	2,287	.....	.....	.....	.....
Total South America.....	1	2,287	1	2,287	4	11,537	2	6,951
Asia.....	8	27,199	16	58,196	11	38,619	9	33,099
Oceania.....	1	2,843	2	5,645	1	2,802	9	23,698
Total all countries.....	11	35,983	25	94,177	20	68,031	34	96,840

APPENDIX C.

TABLE I.—*Foreign commerce of the United States*¹—Principal imports and exports of domestic and foreign merchandise for the years ended July 31, 1914 and 1915.

[From monthly summaries of the Department of Commerce, Bureau of Foreign and Domestic Commerce.]

Country from which imported and to which exported.	Imports.			Exports.		
	For the year ended July 31—			For the year ended July 31—		
	1914	1915		1914	1915	
	Value.	Value.	Increase or decrease.	Value.	Value.	Increase or decrease.
Europe:						
Austria-Hungary.....	\$20,287,105	\$8,189,336	<i>\$12,097,769</i>	\$22,705,651	\$40,834	<i>\$22,664,817</i>
Belgium.....	41,634,197	6,201,537	<i>35,432,660</i>	62,544,808	15,073,661	<i>47,471,147</i>
Denmark.....	3,319,937	3,036,598	<i>283,339</i>	15,453,434	82,593,744	<i>67,140,310</i>
France.....	137,981,348	73,263,393	<i>64,717,955</i>	160,136,020	406,440,417	<i>246,304,397</i>
Germany.....	192,268,339	74,996,210	<i>117,272,129</i>	341,777,555	13,974,561	<i>327,802,994</i>
Greece.....	3,850,680	4,425,585	<i>574,905</i>	1,220,993	24,867,612	<i>23,646,619</i>
Italy.....	56,778,318	53,467,355	<i>3,310,963</i>	73,888,266	194,444,821	<i>120,556,555</i>
Netherlands.....	35,669,418	31,967,647	<i>3,701,771</i>	114,931,362	135,553,326	<i>20,621,964</i>
Norway.....	9,523,970	10,291,712	<i>767,742</i>	8,897,713	41,233,281	<i>32,335,568</i>
Portugal.....	6,033,396	5,429,634	<i>603,762</i>	5,360,158	5,223,53	<i>136,625</i>
Russia.....	20,805,776	1,423,147	<i>19,382,629</i>	30,434,215	54,289,224	<i>23,855,009</i>
Spain.....	24,219,798	18,795,858	<i>5,423,940</i>	29,370,779	39,949,581	<i>10,578,802</i>
Sweden.....	11,613,389	11,434,658	<i>178,731</i>	14,381,080	80,734,063	<i>66,352,983</i>
United Kingdom.....	293,297,268	253,757,257	<i>39,540,011</i>	597,246,044	961,728,671	<i>364,482,627</i>
All other Europe.....	36,685,268	25,558,998	<i>11,126,270</i>	10,696,472	10,297,645	<i>598,827</i>
Total Europe.....	893,968,207	582,238,925	<i>311,729,282</i>	1,489,044,550	2,066,444,794	<i>577,400,244</i>
North America:						
Central American States.....	17,918,766	21,007,599	<i>3,088,833</i>	38,897,939	34,512,570	<i>4,385,369</i>
Mexico.....	92,261,831	81,130,491	<i>11,131,340</i>	37,473,741	35,293,236	<i>2,180,505</i>
West Indies.....	156,680,305	214,516,017	<i>57,835,712</i>	96,439,792	103,125,554	<i>6,685,762</i>
Other North America.....	2,727,500	1,895,020	<i>832,480</i>	3,483,770	2,922,565	<i>561,205</i>
Total North America.....	269,588,402	318,549,127	<i>48,960,725</i>	176,295,242	175,853,925	<i>441,317</i>
South America:						
Argentina.....	48,869,466	74,734,666	<i>25,865,200</i>	42,988,040	35,027,285	<i>7,960,755</i>
Brazil.....	104,176,924	98,020,512	<i>6,156,412</i>	28,657,810	25,928,908	<i>2,728,902</i>
Chile.....	25,319,765	29,969,937	<i>4,650,172</i>	17,690,834	11,884,834	<i>5,806,000</i>
Colombia.....	16,382,989	19,004,106	<i>2,621,117</i>	6,666,571	6,797,332	<i>130,761</i>
Other South America.....	35,236,755	42,607,099	<i>7,370,344</i>	24,682,550	24,429,404	<i>253,146</i>
Total South America.....	229,985,899	264,336,320	<i>34,350,421</i>	120,685,805	104,067,763	<i>16,618,042</i>
Asia.....	291,800,691	249,165,129	<i>42,635,562</i>	111,504,049	121,143,049	<i>9,639,000</i>
Oceania.....	43,654,352	55,721,709	<i>12,067,357</i>	84,023,662	83,315,989	<i>707,673</i>
Africa.....	19,480,411	26,845,460	<i>7,365,049</i>	28,465,223	28,536,774	<i>71,551</i>
Total all countries.....	1,748,477,962	1,496,856,670	<i>251,621,292</i>	2,010,018,531	2,579,362,294	<i>569,343,763</i>

¹ Exclusive of commerce with Canada.

Italic denotes decrease.

APPENDIX D.

TABLE I.—Representative charter rates.

REPRESENTATIVE CHARTER RATES (PER QUARTER) ON GRAIN IN THE FOREIGN TRADE OF THE UNITED STATES AND CANADA.

Month and year.	From Montreal, Canada, to—				From Atlantic range to—							
	United Kingdom, London and Liverpool.		Netherlands, Rotterdam.		Italy, Genoa and west coast.		France, Atlantic ports.		United Kingdom, London and Liverpool.		Netherlands, Rotterdam.	
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1913.												
August.....	3 0	2 9	2 9	2 9	2 9	2 9	3 3	3 3	3 3	3 3	3 3	3 3
September.....	2 9	2 10½	2 10½	2 6	2 6	2 6	2 9	3 0	3 0	3 10½	3 6	3 6
October.....				2 1½	2 1½	2 6	2 9	2 9	2 9	3 3	3 3	3 3
November.....				2 1½	2 1½	2 0	3 3	3 4½	3 3	3 3	3 3	3 3
December.....				2 1½	2 1½	1 10½					3 0	3 0
1914.												
January.....			2 3	2 1½	2 1½	2 2				2 7½	3 0	
March.....				1 9	1 9	1 9						
April.....				2 4½	2 4½							
May.....	1 10½	1 10½	1 10½	2 4½	2 4½		2 4½	3 0				
June.....	2 6	2 6	2 6			2 6	2 6½	2 10½				
July.....	2 6	2 6	2 6				3 6	3 6				
August.....	2 0	2 0	2 0	3 7½	3 7½		3 6	3 6				
September.....	3 3	3 3	3 3	2 10½	2 10½		2 3	2 6				
October.....	3 3	3 3	3 3	3 3	3 3		2 9	2 9				
November.....	3 6	3 6	3 6	4 3	4 3	6 0	3 4½	4 3				
December.....	5 6	5 6	5 6	5 0	5 0	6 3	7 0	3 4½				
1915.												
January.....				6 0	6 0	8 3	6 3	7 6		8 3	10 6	8 6
February.....				7 3	7 3	9 0	10 6	9 0		10 0	11 6	10 7½
March.....				9 3	9 3	11 6	9 6	11 0		11 9	11 0	11 0
April.....				10 0	10 0	9 9	10 0	10 0		9 9	10 3	10 3
May.....	9 0	9 3	9 3	7 6	7 6		9 0	9 6		9 6	10 6	10 6
June.....	8 6	8 6	8 6	7 6	7 6	8 6	8 6	8 6		8 6	9 0	9 0
July.....	8 1½					7 6				8 6	8 9	8 9

1 1 ton (2,240 pounds) of corn equals 5 quarters, or 40 bushels, and stows in space of 50 cubic feet; 1 ton (2,240 pounds) of wheat equals 4½ quarters, or 37½ bushels, and stows in space of 48 cubic feet.

From Pacific coast ports (Columbia River, Puget Sound) to—

From South Atlantic and Gulf ports to—

Month and year.

	United Kingdom, London and Liverpool.		Nether-lands, Rotter-dam.		France.				Spain, Barcelona.		Italy, Genoa and west coast.		Greece, Piræus.		United Kingdom, London and Liverpool.*
					Havre.		Bordeaux.		Marseille.						
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	
1913.															
August.....	2	6	3	9			2	9	3	10½			4	1½	41 6
September.....	3	0	2	4½	2	9	3	9			3	6			38 9
October.....			2	0			3	3	3	3					30 0
November.....															32 6
December.....															
1914.															
January.....	2	3	1	10½					2	7½	2	9			28 9
February.....	1	9													25 0
March.....							3	9							26 3
April.....															30 0
May.....	2	0	2	1½	2	4½	2	10½	3	3	3	3			31 6
June.....	2	7½	2	6	2	10½	3	9	3	3	3	3			32 6
July.....	2	3	2	6	3	7½	4	3	3	6	3	6			30 0
August.....	3	10½	2	7½	3	4½	3	0	3	3	3	6			33 9
September.....	2	6			3	9	3	9	4	9	4	4½	3	9	36 3
October.....	3	6			5	1½	4	1½	6	6	6	6	4	7½	36 3
November.....	6	0	6	0	7	6	7	6	8	9	8	0	10	7½	45 0
December.....	5	3													
1915.															
January.....	5	3	8	3	7	6	7	9	10	6	9	3	10	0	50 0
February.....	6	0	7	6	7	9	7	9	10	0	11	9	11	6	60 0
March.....					11	0	11	0	10	9	11	9	12	0	60 0
April.....	6	6	9	9			10	0	10	9	11	6			60 0
May.....	9	0			10	0	10	0	11	0	11	9	11	9	65 0
June.....	9	0			10	3	10	6	10	3	8	0			85 0
July.....	9	9	8	6			10	3	10	6	11	0	11	0	92 6

* Per ton.

TABLE I.—Representative charter rates—Continued.
 REPRESENTATIVE CHARTER RATES (PER TON) ON COAL¹ (BITUMINOUS) IN THE FOREIGN TRADE OF THE UNITED STATES.

From Norfolk, Va., to—																		
Month and year.	France, Marseilles.		Spain, Barcelona.		Italy.		Greece, Piræus.		Mexico.		West Indies.				South America.			Africa, Alexandria, Egypt.
	£.	d.	£.	d.	Naples.	Genoa.	£.	d.	Vera Cruz.	Cardenas.	Havana.	Cienfuegos.	St. Lucia.	Barbados.	Rio Janeiro.	Buenos Aires and Rio Plate.		
1913.																		
August.	17	6	17	6	17	6	17	6	\$1.90	\$2.25	\$1.70	\$2.10	\$2.10	\$2.25	22	6	22	6
September.	13	0	12	0	12	0	12	0	2.00		1.75	2.10	2.10		21	6	22	6
October.			12	0	12	0	12	0	1.85		1.70	2.10	2.10		18	6	19	6
November.	13	0	13	0	13	0	13	0	1.75	2.25	1.75	2.05	1.90	1.90	15	9	17	6
December.			11	6	11	6	11	6	1.85		1.60	1.90	1.90		15	9	15	9
1914.																		
January.	11	9	11	9	11	9	11	9	1.75	1.90	1.55	2.00	2.00	2.00	15	6	15	6
February.	11	0	11	0	11	0	11	0							15	0	15	0
March.			10	3	10	3	10	3							14	9	14	6
April.	11	6	10	6	11	0	10	6	1.75	1.75	1.45	1.60	1.60	1.85	15	9	15	3
May.	11	0	10	0	10	6	12	0							15	6	14	6
June.	8	0	9	0	9	0	9	0	1.70	1.70	1.45	1.60	1.60	1.90	12	3		
July.			12	3	13	3	13	3										
August.			22	6	13	3	21	0							22	6	26	3
September.			13	6	13	6	21	0							22	6	26	3
October.			20	0	20	0	20	0	2.00	2.25	1.75	2.00	2.25	2.25	16	0	16	0
November.			20	0	20	0	20	0							17	0	16	6
December.			20	0	20	0	20	0							20	9		
1915.																		
January.			27	9	30	0									22	0	38	9
February.					40	0			2.75			2.80	3.10		28	0	38	9
March.	43	0	43	9	45	0	45	0							28	10	32	10
April.	40	0	43	9	45	0	45	0	3.50	3.50	2.50	3.50	3.75	3.75	34	11	39	6
May.	40	0	43	9	45	0	45	0	3.50	3.50	2.50	3.50	3.75	4.00	30	10	45	0
June.	40	0	40	0	45	0	45	0	3.50	3.25	2.25	3.00	3.75	4.00	37	0	34	6
July.	35	3	37	0	42	0		44							35	0	34	6

¹ 1 ton (2,240 pounds) of American bituminous stows in space of 45 cubic feet.

REPRESENTATIVE CHARTER RATES (PER TON) ON COAL (BITUMINOUS) IN THE FOREIGN TRADE OF THE UNITED KINGDOM.

Month and year.	From Wales to—									
	France, Marseilles. ¹		Italy.		West Indies, St. Vin. ²		South America.		Africa, Alexandria, Egypt.	
			Genoa.				Buenos Aires.		Rio Janeiro.	
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
1913.										
August.....	8	2	8	6	8	9	19	3	16	0
September.....	9	6	9	3	22	31	20	9	18	3
October.....	9	4	10	0			21	6	18	6
November.....	8	3	9	3	2	13	19	6	17	6
December.....	7	9	7	6			14	6	15	0
1914.										
January.....	6	11	7	3	1	83	14	3	14	0
February.....	6	11	7	6	7	3	14	9	14	0
March.....	6	11	7	3	7	44	14	3	14	0
April.....	6	11	7	6	7	6	1	89	13	0
May.....	7	2	7	6	7	6	1	83	13	0
June.....	7	6	7	6	7	6	1	83	14	3
July.....	7	6	7	6	8	3	1	83	14	9
1915.										
August.....	7	4	8	0	8	0	14	6	14	0
September.....	13	1	10	9	10	9	2	68	11	6
October.....	18	3	16	0	16	0	3	16	17	6
November.....										
December.....										
1915.										
January.....	23	10	18	6	18	6	3	41	14	6
February.....	23	10	31	6	31	6	6	04	29	6
March.....	23	10	33	0	33	0	5	37	32	6
April.....	23	16	32	0	32	0	3	16	31	6
May.....	23	16	30	0	30	0	5	23	38	6
June.....	23	12	32	6	32	6	3	11	27	6
July.....	19	10	23	6	23	6	4	87	28	0

¹ 11 ton (2,240 pounds) of Welsh bituminous stove in space of 43 cubic feet.

² Rates quoted in francs; converted to sterling for comparative purposes.

³ Rates quoted in sterling; converted to dollars for comparative purposes.

TABLE I.—Representative charter rates—Continued.
 REPRESENTATIVE CHARTER RATES ON PETROLEUM IN THE FOREIGN TRADE OF THE UNITED STATES.

Month and year.	From New York, N. Y., to—					From Philadelphia, Pa., to—		From Port Arthur, Tex., to—		
	Scandinavian ports (per ton).	South America.		Australian ports (per barrel).	Oriental ports (per barrel).	Scandinavian ports (per ton).	Oriental ports (per barrel).	South America, River Plate (per barrel).	Australian ports (per barrel).	South African ports (per barrel).
		Rio Janeiro (per barrel).	River Plate (per barrel).							
1913.	<i>s. d.</i>		\$0.29			<i>s. d.</i>	\$0.26		\$0.33	\$0.31
August.....	..	..	.22	\$0.29½	\$0.28	..	..	..	..	..
September.....	..	..	..	.21	.22	..	.25	\$0.24	..	..
October.....	..	..	..	.23	.22	..	..	..	..	..
November.....	..	..	.19½	.21½	.18	..	..	..	..	..
December.....	..	..	..	..	..	..	..	..	..	..
1914.										
January.....	..	..	..	.21	.21½	..	.22½	..	..	..
February.....	..	..	.17½	.16½	.19	..	.20½	.17½	..	.19
March.....	..	..	.20	.14	.17½	..	.18	..	..	.18
April.....	..	..	..	.16½	..	..	..	..	.17	..
May.....	..	\$0.18	..	.11½	.17	..	.17	..	.13	..
June.....	..	.18	..	.11½	..	..	..	..	..	.18
July.....	..	..	..	..	..	..	..	..	..	..
August.....	..	..	..	..	.23	..	.22½	..	..	..
September.....	..	..	..	..	..	5 3	.22	..	..	..
October.....	5 3	..	..	..	.24	6 0	..	..	..	..
November.....	..	..	..	.50	..	..	..	..	..	.50
December.....	..	..	..	..	..	..	..	..	..	..
1915.										
January.....	7 6	.30	..	.38	.35	7 6	.35	..	..	..
February.....	..	.50	..	.38	.38	..	.38	.50	..	..
March.....	..	..	.35	.67	.52½	..	..	..	..	..
April.....	10 9	.46	..	.74	.52½	..	.52½	..	..	..
May.....	..	..	..	.73	.50	..	.50	..	.73	..
June.....	..	..	..	.70	.48	..	..	..	..	..
July.....	..	.53	.60	..	.46	..	.46	.53	..	.60

1 ton (2,240 pounds) equals 5½ barrels and stows in space of 60 cubic feet.

REPRESENTATIVE CHARTER RATES (PER TON) ON COTTON IN THE FOREIGN TRADE OF THE UNITED STATES.

Month and year.	From Mouth Atlantic and Gulf ports to						
	United Kingdom, London and Liverpool.	Nether-lands, Rot-terdam.	France, Havre.	Germany, Bremen.	Russia, Harbinia.	Italy, Genoa.	Scandinavian ports (Stockholm and Sweden).
1913.	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.
	57 0	46 3	60 0	62 0	62 0	62 0	62 0
	40 0	46 0	46 0	46 0	46 0	46 0	46 0
	38 9	42 0	46 0	42 0	42 0	42 0	42 0
	42 0	42 6	46 0	40 0	40 0	40 0	40 0
1914.	35 0	35 0	35 0	35 0	35 0	35 0	35 0
	35 8	35 0	35 0	32 0	32 0	32 0	32 0
	32 6	32 0	35 0	32 0	32 0	32 0	32 0
	31 3	30 0	35 0	31 3	31 3	31 3	31 3
	31 3	29 3	35 0	31 3	31 3	31 3	31 3
1915.	30 0	30 0	35 0	32 0	32 0	32 0	32 0
	32 0	30 0	35 0	32 0	32 0	32 0	32 0
	30 0	30 0	35 0	32 0	32 0	32 0	32 0
	30 0	30 0	35 0	32 0	32 0	32 0	32 0
	30 0	30 0	35 0	32 0	32 0	32 0	32 0
1916.	127 6	205 0	140 0	140 0	140 0	140 0	140 0
	116 3	205 0	140 0	140 0	140 0	140 0	140 0
	111 3	195 0	140 0	140 0	140 0	140 0	140 0
	126 0	195 0	140 0	140 0	140 0	140 0	140 0
	116 0	195 0	140 0	140 0	140 0	140 0	140 0
1917.	110 0	195 0	140 0	140 0	140 0	140 0	140 0
	140 0	195 0	140 0	140 0	140 0	140 0	140 0

1 ton of 2,240 pounds stows in space of 130 cubic feet.

Based on rate of \$6.30 per 100 pounds.

TABLE I.—Representative charter rates—Continued.

REPRESENTATIVE CHARTER RATES (PER 1,000 FEET) ON LUMBER IN THE FOREIGN TRADES OF THE UNITED STATES, CANADA, AND MEXICO.																	
Month and year.	From Canada (Brunswick, Nova Scotia) to—	From Atlantic range to—	From Gulf ports to—										From Mexican ports (Sapele) to—	From Pacific coast ports (Columbia River, Puget Sound) to—			
			United Kingdom.				France, Boulogne and Dunkirk.	Spain, Barcelona.	Italy, Genoa and west coast.	West Indies, Cuban ports.	South America, Buenos Aires and River Plate.	South Africa, African ports.		United Kingdom, Liverpool, etc.	South America, ports in Chile and Peru.	South Africa, African ports.	Oceania, Sydney.
			London and Liverpool.	Hull and Tyne.	France, Boulogne and Dunkirk.	Spain, Barcelona.												Italy, Genoa and west coast.	West Indies, Cuban ports.	South America, Buenos Aires and River Plate.	South Africa, African ports.	United Kingdom, Liverpool, etc.	South America, ports in Chile and Peru.	South Africa, African ports.	Oceania, Sydney.
	United Kingdom, Manchester and other ports.	South America, Buenos Aires and River Plate.	France, Boulogne and Dunkirk.	Spain, Barcelona.	Italy, Genoa and west coast.	West Indies, Cuban ports.	South America, Buenos Aires and River Plate.	South Africa, African ports.	United Kingdom, Liverpool, etc.	South America, ports in Chile and Peru.	South Africa, African ports.	Oceania, Sydney.					
1913.																	
August.	57 6	\$12.50	112 6	105 0	111 3	95 0	120 0	110 0	\$13.50	\$155 0	165 0	107 6	47 6	42 6	42 6	42 6	42 6
September.	61 3	10.50	115 0	111 3	127 6	13 00	145 0	15 75	\$157 6	\$15 75	165 0	107 6	47 6	42 6	42 6	42 6	42 6
October.		16.00	100 0	97 6	127 6	8 00	130 0	16 75	13 00	145 0	131 3	75 0	43 9	50 0	50 0	50 0	50 0
November.			87 6		110 0	6 25	115 0	14 75	8 00	130 0			55 0	52 6	52 6	52 6	52 6
December.	35 0	13.87½			105 0	6 25	115 0	14 75	6 25	115 0			47 0				
1914.																	
January.	40 0		75 0		96 3	7 25	100 0	13 00	7 25	100 0	97 6	75 0	53 0				
February.	42 6		80 0	76 3	91 3	5 25	102 6	13 00	5 25	102 6		75 0					
March.	40 0		80 0	82 6	91 3		101 3			101 3	100 0	73 9	46 3				
April.	35 0	10.00	80 0	77 6	92 6	5 50	105 0	11 00	5 50	105 0	103 0	58 9		52 6			
May.	37 6	9.25	85 0	75 0	90 0		105 0	11 00		105 0	110 0	71 3	45 0	63 9	42 6	42 6	42 6
June.	36 3	9.00	87 6	75 0	92 6		102 6	11 00		102 6	110 0	73 9	40 0				
July.	40 0			78 3	82 6	8 00		11 00	8 00		110 0		45 0				
August.	52 6		82 6	85 0				11 50		120 0		82 6	41 3	62 6	40 0	40 0	40 0
September.	52 6	11.00	95 0	95 0	120 0		120 0	11 50		120 0		82 6					
October.	57 6		87 6		97 6	10 25	110 0	11 50	10 25	110 0		87 6	47 6	62 6			
November.	60 0		105 0	120 0	155 0	10 00			10 00			65 0					
December.			140 0	140 0	155 0	5 00			5 00			110 0					
1915.																	
January.		12.00	155 0			6 00		19 50	6 00	19 50		150 0	45 0	80 0	47 6	47 6	47 6
February.			170 0			5 00		21 50	5 00	21 50							
March.		18.00	220 0			7 25		25 00	7 25	25 00	327 6				51 3	51 3	51 3
April.	130 0	21.00	220 0			8 50		30 00	8 50	285 0					55 0	55 0	55 0
May.	137 0		115 0			10 00		24 00	10 00	275 0					62 6	62 6	62 6
June.	136 3			210 0		13 00		27 00	13 00	260 0					75 0	75 0	75 0
July.	142 6	22.00	240 0	210 0	240 0			25 00		260 0		200 0	90 5	115 0	92 5	92 5	92 5

1,000 feet stows in space of 83 cubic feet (Peterburg standard).

Carried in steam vessels.

Carried in sail vessels.

* Carried in oil vessels.

* Carried in steam vessels.

* 1,000 feet stows in space of 82 cubic feet (Petersburg standard).

Month and year.	Atlantic trade.		Indies trade.		Scandinavian ports.	
	£.	d.	£.	d.	£.	d.
1913.						
August.....	6	3	6	7		
September.....	6	0	4	6		
October.....	6	6				
November.....	6	6	4	0		
December.....	6	9	4	0		
1914.						
January.....	6	0	3	7½	12	0
February.....	4	6			12	0
March.....	3	10½	3	10		
April.....	6	3	3	6		
May.....	6	8	3	6		
June.....	6	0	3	6		
July.....	5	0	3	6		
August.....	7	6	5	0		
September.....	9	0	10	0		
October.....	10	6	3	6	17	6
November.....	28	6			31	6
December.....	13	0	8	0	38	0
1915.						
January.....	25	0	8	7	55	0
February.....	30	0	10	0	65	0
March.....	14	0	16	0		
April.....	17	6	15	0		
May.....	20	0	11	6		
June.....	16	0	11	0		
July.....	15	6	12	6	60	0

TABLE II.—*Berth rates in the foreign trade of the United States.*

[From quotations published in the New York Journal of Commerce.]

FLOUR, IN SACKS (PER 100 POUNDS).

Date.	From New York, N. Y., to--							Belgium. Antwerp.	Net lan Rot da
	United Kingdom.								
	Bristol.	Glasgow.	Hull.	Liver- pool.	London.	Man- chester.			
• 1913.									
Aug. 1.....	\$0. 18	\$0. 16	\$0. 18	\$0. 14	\$0. 16	\$0. 14	\$0. 20		
Sept. 2.....	. 18	. 16	. 18	. 14	. 16	. 14	. 20		
Oct. 2.....	. 19	. 18	. 20	. 15	. 15	. 15	. 20		
Nov. 1.....	. 19	. 18	. 20	. 15	. 15	. 15	. 20		
Dec. 1.....	. 18	. 17	. 20	. 14	. 14	. 14	. 20		
• 1914.									
Jan. 3.....	. 17	. 17	. 18	. 14	. 15	. 14	. 20		
Feb. 3.....	. 17	. 15	. 17	. 12	. 13	. 12	. 18		
Mar. 2.....	. 15	. 15	. 17	. 12	. 13	. 12	. 18		
Apr. 1.....	. 15	. 15	. 17	. 12	. 13	. 12	. 18		
May 1.....	. 15	. 15	. 17	. 12	. 13	. 12	. 18		
June 1.....	. 15	. 15	. 17	. 12	. 13	. 12	. 18		
July 1.....	. 15	. 13	. 15	. 10	. 11	. 10	. 18		
Aug. 1.....	. 17	. 14	. 17	. 12	. 13	. 12	. 18		
Sept. 1.....	. 17	. 14	. 17	. 12	. 13	. 12	. 18		
Oct. 1.....	. 25	. 23	. 25	. 35	. 21	. 29	. 18		
Nov. 1.....	. 26	. 25	. 26	. 21	. 22	. 21	. 18		
Dec. 1.....	. 30	. 29	. 30	. 26	. 27	. 26	. 18		
• 1915.									
Jan. 2.....	. 30	. 29	. 30	. 26	. 35	. 26	. 18		
Feb. 1.....	. 40	. 40	. 40	. 40	. 40	. 40	. 18		
Mar. 2.....	. 40	. 40	. 40	. 40	. 40	. 40	. 18		
Apr. 1.....	. 45	. 40	. 40	. 40	. 40	. 40	. 18		
May 1.....	. 45	. 45	. 45	. 45	. 45	. 45	. 18		
June 1.....	. 45	. 45	. 45	. 40	. 45	. 45	. 18		
July 1.....	. 45	. 45	. 45	. 40	. 45	. 45	. 18		

1 ton of 2,240 pounds stows in space of 55 cubic feet.

LEATHER (PER TON).¹

Date.	From New York, N. Y., to—										France, Havre. ²	Bel- gium, Ant- werp.	Ne- la Ro- di
	United Kingdom.												
	Bristol.	Glas- gow.	Hull.	Liver- pool.	Lon- don.	Man- chester.							
1913.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.		s. d.				
Aug. 1.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	\$0. 10	30 0				
Sept. 2.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
Oct. 2.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
Nov. 1.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
Dec. 1.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
1914.													
Jan. 3.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
Feb. 3.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
Mar. 2.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
Apr. 1.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
May 1.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
June 1.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
July 1.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
Aug. 1.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
Sept. 1.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
Oct. 1.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
Nov. 2.....	25 0	30 0	65 0	20 0	20 0	20 0	20 0	. 10	30 0				
Dec. 1.....	25 0	35 0	65 0	20 0	35 0	30 0	30 0	. 10	30 0				
1915.													
Jan. 2.....	25 0	35 0	65 0	20 0	35 0	30 0	30 0	. 10	30 0				
Feb. 1.....	25 0	35 0	65 0	20 0	35 0	30 0	30 0	. 10	30 0				
Mar. 2.....	25 0	35 0	65 0	20 0	35 0	30 0	30 0	. 10	30 0				
Apr. 1.....	25 0	35 0	65 0	20 0	35 0	30 0	30 0	. 10	30 0				
May 1.....	25 0	35 0	65 0	20 0	35 0	30 0	30 0	. 10	30 0				
June 1.....	25 0	35 0	65 0	20 0	35 0	30 0	30 0	. 10	30 0				
July 1.....	25 0	35 0	65 0	20 0	35 0	30 0	30 0	. 10	30 0				

¹ 1 ton of 2,240 pounds stows in space of 120 cubic feet.² Per cubic foot.³ Per 100 pounds.

TABLE II.—*Berth rates in the foreign trade of the United States—Continued.*COTTON¹ (PER 100 POUNDS).

Date.	From New York, N. Y., to—				
	United Kingdom.		France, Havre.	Belgium, Antwerp.	Nether- lands, Not- terdam.
	Liverpool.	Manchester.			
1913.					
Aug. 1.....	\$0. 25	\$0. 25	\$0. 35	\$0. 40	\$0. 45
Sept. 2.....	. 25	. 25	. 35	. 40	. 45
Oct. 2.....	. 35	. 30	. 45	. 40	. 30
Nov. 1.....	. 35	. 30	. 45	. 40	. 30
Dec. 1.....	. 30	. 30	. 40	. 40	. 30
1914.					
Jan. 3.....	. 28	. 30	. 35	. 25	. 35
Feb. 3.....	. 28	. 30	. 25	. 25	. 25
Mar. 2.....	. 28	. 30	. 25	. 25	. 25
Apr. 1.....	. 28	. 30	. 25	. 25	. 25
May 1.....	. 28	. 30	. 25	. 25	. 25
June 1.....	. 28	. 30	. 25	. 25	. 25
July 1.....	. 20	. 20	. 25	. 20	. 25
Aug. 1.....	. 20	. 20	. 25	. 20	. 25
Sept. 1.....	. 20	. 20	. 25	. 20	. 25
Oct. 1.....	. 35	. 40	. 45	. 20	. 25
Nov. 2.....	. 40	. 40	. 45	. 20	. 25
Dec. 1.....	. 60	. 60	1. 00	. 20	(²)
1915.					
Jan. 2.....	. 75	. 75	1. 00	. 20	2. 00
Feb. 1.....	1. 00	1. 00	2. 00	. 70	2. 50
Mar. 2.....	1. 25	1. 25	2. 00	. 20	2. 25
Apr. 1.....	1. 25	1. 25	2. 00	. 20	2. 25
May 1.....	2. 00	2. 00	3. 00	. 20	2. 25
June 1.....	1. 75	1. 75	1. 50	. 20	2. 00
July 1.....	1. 25	1. 25	1. 50	. 20	2. 00

¹ 1 ton of 2,240 pounds stows in space of 130 cubic feet.² No quotation.CHEESE¹ (PER TON).

Date.	From New York, N. Y., to—								
	United Kingdom.						France, Havre. ²	Bel- gium, Ant- werp.	Nether- lands, Rotter- dam. ³
	Bristol.	Glas- gow.	Hull.	Liver- pool.	Lon- don.	Man- chester.			
1913.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.		s. d.	
Aug. 1.....	25 0	25 0	22 0	26 0	25 0	20 0	\$0. 45	35 0	\$0. 45
Sept. 2.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	35 0	. 45
Oct. 2.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	35 0	. 45
Nov. 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	35 0	. 45
Dec. 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	35 0	. 45
1914.									
Jan. 3.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	35 0	. 45
Feb. 3.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	35 0	. 45
Mar. 2.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	35 0	. 45
Apr. 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	35 0	. 45
May 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	35 0	. 45
June 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	35 0	. 45
July 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	20 0	. 45
Aug. 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	20 0	. 45
Sept. 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	20 0	. 45
Oct. 1.....	(¹)	(²)	(¹)	(¹)	(²)	(²)	(¹)	(²)	(¹)
Nov. 2.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	20 0	. 45
Dec. 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	20 0	. 58
1915.									
Jan. 2.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	20 0	. 58
Feb. 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	20 0	. 58
Mar. 2.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	20 0	. 58
Apr. 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	20 0	. 53
May 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	20 0	. 53
June 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	20 0	. 53
July 1.....	25 0	25 0	22 0	26 0	25 0	20 0	. 45	20 0	. 53

¹ 1 ton of 2,240 pounds stows in space of 70 cubic feet.² Per 100 pounds.³ No quotation.

110 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

TABLE II.—*Berth rates in the foreign trade of the United States—Continued.*

BACON¹ (PER TON).

Date.	From New York, N. Y., to—								
	United Kingdom.						France, Havre. ²	Bel- gium, Ant- werp.	Net land, Rot- ter- dam
	Bristol.	Glas- gow.	Hull.	Liver- pool.	Lon- don.	Man- chester.			
1913.	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>		<i>s. d.</i>	
Aug. 1.....	20 0	20 0	20 0	17 6	20 0	20 0	\$0.30	20 0	\$0
Sept. 2.....	20 0	20 0	20 0	17 6	20 0	20 0	.30	20 0	
Oct. 2.....	20 0	20 0	20 0	17 6	20 0	20 0	.30	20 0	
Nov. 1.....	20 0	20 0	20 0	17 6	20 0	20 0	.30	20 0	
Dec. 1.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0	
1914.									
Jan. 3.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0	
Feb. 3.....	22 6	22 0	20 0	20 0	22 6	25 0	.30	25 0	
Mar. 2.....	22 6	22 0	20 0	20 0	22 6	25 0	.30	25 0	
Apr. 1.....	22 6	22 0	20 0	20 0	22 6	25 0	.30	25 0	
May 1.....	22 6	22 0	20 0	20 0	22 6	25 0	.30	25 0	
June 1.....	22 6	22 0	20 0	20 0	22 6	25 0	.30	25 0	
July 1.....	22 6	22 0	20 0	20 0	22 6	25 0	.30	25 0	
Aug. 1.....	22 6	22 0	20 0	20 0	22 6	25 0	.30	25 0	
Sept. 1.....	22 6	22 0	20 0	20 0	22 6	25 0	.30	25 0	
Oct. 1.....	35 0	32 6	30 0	30 0	30 0	30 0	.40	25 0	
Nov. 2.....	22 6	32 6	30 0	30 0	30 0	30 0	.30	25 0	
Dec. 1.....	35 0	32 6	30 0	30 0	30 0	30 0	.40	25 0	
1915.									
Jan. 2.....	35 0	35 0	30 0	30 0	35 0	30 0	.40	25 0	
Feb. 1.....	45 0	40 0	40 0	35 0	35 0	35 0	.75	25 0	
Mar. 2.....	50 0	45 0	40 0	50 0	45 0	45 0	1.25	25 0	
Apr. 1.....	60 0	60 0	60 0	60 0	60 0	60 0	1.25	25 0	1
May 1.....	60 0	60 0	60 0	60 0	60 0	75 0	1.25	25 0	1
June 1.....	60 0	60 0	60 0	60 0	60 0	75 0	1.25	25 0	1
July 1.....	60 0	60 0	60 0	60 0	60 0	-75 0	1.25	25 0	1

¹ 1 ton of 2,240 pounds stows in space of 65 cubic feet.

² Per 100 pounds.

BUTTER¹ (PER TON).

Date.	From New York, N. Y., to—						
	United Kingdom.				France, Havre. ²	Belgium, Antwerp.	Neth- er- land, Rot- ter- dam. ³
	Bristol.	Glasgow.	Liverpool.	London.			
1913.	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>		<i>s. d.</i>	
Aug. 1.....	30 0	35 0	45 0	50 0	\$0.45	35 0	\$0
Sept. 2.....	30 0	35 0	45 0	50 0	.45	35 0	
Oct. 2.....	30 0	35 0	45 0	50 0	.45	35 0	
Nov. 1.....	30 0	35 0	45 0	50 0	.45	35 0	
Dec. 1.....	30 0	35 0	45 0	50 0	.45	35 0	
1914.							
Jan. 3.....	30 0	35 0	45 0	50 0	.45	35 0	
Feb. 3.....	30 0	35 0	45 0	50 0	.45	35 0	
Mar. 2.....	30 0	35 0	45 0	50 0	.45	35 0	
Apr. 1.....	30 0	35 0	45 0	50 0	.45	35 0	
May 1.....	30 0	35 0	45 0	50 0	.45	35 0	
June 1.....	30 0	35 0	45 0	50 0	.45	35 0	
July 1.....	30 0	35 0	45 0	50 0	.45	35 0	
Aug. 1.....	30 0	35 0	45 0	50 0	.45	35 0	
Sept. 1.....	30 0	35 0	45 0	50 0	.45	35 0	
Oct. 1.....	(²)	35 0	60 0	75 0	(²)	35 0	
Nov. 2.....	30 0	35 0	45 0	50 0	.45	35 0	
Dec. 1.....	(²)	45 0	60 0	75 0	.45	35 0	
1915.							
Jan. 2.....	(²)	45 0	60 0	75 0	.45	35 0	
Feb. 1.....	(²)	45 0	60 0	75 0	.45	35 0	
Mar. 2.....	(²)	45 0	60 0	75 0	.45	35 0	
Apr. 1.....	(²)	45 0	60 0	75 0	.45	35 0	
May 1.....	(²)	45 0	60 0	75 0	.45	35 0	
June 1.....	(²)	45 0	60 0	75 0	.45	35 0	
July 1.....	(²)	45 0	60 0	75 0	.45	35 0	

¹ A ton of 2,240 pounds stows in space of 70 cubic feet.

² Per 100 pounds.

³ No quotation.

TABLE II.—*Berth rates in the foreign trade of the United States—Continued.*

 LARD,¹ IN TIERCES (PER TON).

Date.	From New York, N. Y., to—									
	United Kingdom.						France, Havre. ²	Bel- gium, Ant- werp.	Nether- lands, Rotter- dam. ³	
	Bristol.	Glas- gow.	Hull.	Liver- pool.	Lon- don.	Man- chester.				
1913.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.		s. d.		
.....	20 0	20 0	20 0	17 6	20 0	20 0	\$0.20	20 0		\$0.24
.....	20 0	20 0	20 0	17 6	20 0	20 0	.20	20 0		.24
.....	20 0	20 0	20 0	17 6	20 0	20 0	.20	20 0		.24
.....	20 0	20 0	20 0	17 6	20 0	20 0	.20	20 0		.24
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0		.28
1914.										
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0		.28
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0		.28
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0		.28
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0		.28
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0		.28
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0		.28
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0		.28
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0		.28
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0		.28
.....	35 0	32 6	30 0	30 0	30 0	30 0	.40	25 0		.38
.....	22 6	32 6	30 0	30 0	30 0	30 0	.30	25 0		.38
.....	35 0	32 6	30 0	30 0	30 0	30 0	.40	25 0		.38
1915.										
.....	35 0	35 0	30 0	30 0	35 0	30 0	.40	25 0		.75
.....	45 0	40 0	40 0	35 0	35 0	35 0	.75	25 0		.75
.....	50 0	45 0	40 0	50 0	45 0	45 0	1.25	25 0		.75
.....	60 0	60 0	60 0	60 0	60 0	60 0	1.25	25 0		1.75
.....	60 0	60 0	60 0	60 0	60 0	75 0	1.25	25 0		1.75
.....	60 0	60 0	60 0	60 0	60 0	75 0	1.25	25 0		1.00
.....	60 0	60 0	60 0	60 0	60 0	75 0	1.25	25 0		1.00

¹ A ton of 2,240 pounds stows in space of 65 cubic feet.

² Per 100 pounds.

 BEEF (PER TON).¹

Date.	From New York, N. Y., to—									
	United Kingdom.						France, Havre. ²	Bel- gium, Ant- werp.	Nether- lands, Rotter- dam. ³	
	Bristol.	Glas- gow.	Hull.	Liver- pool.	Lon- don.	Man- chester.				
1913.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.		s. d.		
.....	4 0	20 0	20 0	17 6	20 0	20 0	\$0.27	20 0		\$0.22
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
1914.										
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	6 0	32 6	30 0	30 0	35 0	30 0	.40	20 0		.38
.....	4 0	20 0	20 0	17 6	20 0	20 0	.27	20 0		.22
.....	7 0	35 0	30 0	30 0	35 0	30 0	.40	20 0		.22
1915.										
.....	7 0	35 0	30 0	30 0	35 0	30 0	.40	20 0		.22
.....	7 0	35 0	30 0	30 0	35 0	30 0	.40	20 0		.22
.....	7 0	35 0	30 0	30 0	35 0	30 0	.40	20 0		.22
.....	7 0	35 0	30 0	30 0	35 0	30 0	.40	20 0		.22
.....	7 0	35 0	30 0	30 0	35 0	30 0	.40	20 0		.22
.....	9 0	60 0	60 0	60 0	60 0	60 0	.40	20 0		.22
.....	9 0	60 0	60 0	60 0	60 0	60 0	.40	20 0		.22

¹ 1 ton of 2,240 pounds stows in space of 50 cubic feet.

² Per 100 pounds.

³ Per tierce; 1 tierce equals 336 pounds.

112 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARIN

TABLE II.—*Berth rates in the foreign trade of the United States—Continued.*
OILCAKE¹ (PER 100 POUNDS).

Date.	From New York, N. Y., to—						
	United Kingdom.						Belgium, Antwerp. ²
	Bristol.	Glasgow. ³	Hull.	Liverpool. ³	London. ³	Manchester.	
1913.							
Aug. 1.....	\$0.17	\$0.16	\$0.18	\$0.16	\$0.15	\$0.15	13 9
Sept. 2.....	.17	.16	.18	.16	.15	.15	13 9
Oct. 2.....	.17	.16	.18	.16	.15	.15	13 9
Nov. 1.....	.17	.16	.18	.16	.15	.15	13 9
Dec. 1.....	.17	.16	.18	.16	.15	.15	13 9
1914.							
Jan. 3.....	.17	.16	.18	.16	.15	.15	13 9
Feb. 3.....	.17	.16	.18	.16	.15	.15	13 9
Mar. 2.....	.17	.16	.18	.16	.15	.15	13 9
Apr. 1.....	.17	.16	.18	.16	.15	.15	13 9
May 1.....	.17	.16	.18	.16	.15	.15	13 9
June 1.....	.17	.16	.18	.16	.15	.15	13 9
July 1.....	.17	.16	.18	.16	.15	.15	13 9
Aug. 1.....	.17	.24	.18	.16	.24	.15	13 9
Sept. 1.....	.17	.24	.18	.16	.24	.15	13 9
Oct. 1.....	.25	.23	.25	.22	.23	.27	13 9
Nov. 2.....	.35	.22	.25	.22	.23	.20	13 9
Dec. 1.....	.30	.29	.30	.26	.27	.26	13 9
1915.							
Jan. 2.....	.30	.29	.30	.26	.35	.26	13 9
Feb. 1.....	.40	.40	.40	.40	.40	.40	13 9
Mar. 2.....	.40	.40	.40	.40	.40	.40	13 9
Apr. 1.....	.45	.40	.40	.40	.40	.40	13 9
May 1.....	.45	.45	.45	.45	.45	.45	13 9
June 1.....	.45	.45	.45	.45	.45	.45	13 9
July 1.....	.45	.45	.45	.40	.45	.45	13 9

¹ One ton of 2,240 pounds stows in space of 46 cubic feet.

² Same rates quoted in sterling per ton converted into cents per 100 pounds for comparative purp

³ Per ton.

PORK.¹

Date.	From New York, N. Y., to—						
	United Kingdom.						Belgium, Antwerp. ²
	Bristol (per barrel).	Glasgow (per ton).	Hull (per ton).	Liverpool (per ton).	London (per ton).	Manchester (per ton).	
1913.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
Aug. 1.....	3 0	20 0	20 0	17 6	20 0	20 0	\$0.75 20 0
Sept. 2.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
Oct. 2.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
Nov. 1.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
Dec. 1.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
1914.							
Jan. 3.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
Feb. 3.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
Mar. 2.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
Apr. 1.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
May 1.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
June 1.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
July 1.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
Aug. 1.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
Sept. 1.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
Oct. 1.....	6 0	32 6	30 0	30 0	35 0	30 0	.88 20 0
Nov. 2.....	3 0	20 0	20 0	17 6	20 0	20 0	.75 20 0
Dec. 1.....	6 0	20 0	30 0	30 0	20 0	20 0	.88 20 0
1915.							
Jan. 2.....	6 0	20 0	30 0	30 0	20 0	20 0	.88 20 0
Feb. 1.....	6 0	20 0	30 0	30 0	20 0	20 0	.88 20 0
Mar. 2.....	6 0	20 0	30 0	30 0	20 0	20 0	.88 20 0
Apr. 1.....	6 0	20 0	30 0	30 0	20 0	20 0	.88 20 0
May 1.....	6 0	20 0	30 0	30 0	20 0	20 0	.88 20 0
June 1.....	12 8	60 0	60 0	60 0	60 0	60 0	.88 20 0
July 1.....	12 8	60 0	60 0	60 0	60 0	60 0	.88 20 0

¹ 1 barrel equals 400 pounds; 1 ton of 2,240 pounds stows in space of 50 cubic feet.

² 1 kilo equals 2½ pounds.

TABLE II.—*Berth rates in the foreign trade of the United States—Continued.*

GRAIN (PER BUSHEL).

Date.	From New York, N. Y., to—						
	United Kingdom.					France, Havre. ¹	Nether- lands, Rotter- dam.
	Bristol.	Hull.	Liver- pool.	London.	Man- chester.		
1913.	d.	d.	d.	d.	d.	s. d.	Cents.
Aug. 1.	3½	2½	2½	2½	2½	3 3	7
Sept. 2.	3	3	2½	2½	1½	3 3	5½
Oct. 2.	4½	4½	2½	3	3	3 3	6
Nov. 1.	4½	4½	2½	3	3	3 3	6
Dec. 1.	(²) 4½	3½	2½	2½	2½	3 1½	5½
1914.							
Jan. 2.	3	3	2	2½	2½	2 9	5½
Feb. 3.	2½	2½	2	2	2	2 7½	4
Mar. 2.	2½	2	1½	2	1½	2 6	4½
Apr. 1.	2½	2	1½	2	1½	2 6	4½
May 1.	2½	2	1½	2	1½	2 6	4½
June 1.	2½	2	1½	2	1½	2 6	4½
July 1.	2	2	2	1½	1½	2 0	6
Aug. 1.	2	2½	2½	2	2½	2 4½	6½
Sept. 1.	2	2½	2½	2	2½	2 4½	6½
Oct. 1.	4	3½	4	3½	3½	2 9	(²)
Nov. 2.	4	4	4	4½	4½	4 0	11
Dec. 1.	7	7	6½	7	6½	4 0	15
1915.							
Jan. 2.	8½	9	8½	9	8½	(²)	30
Feb. 1.	9½	9½	11	12	10	(²)	36
Mar. 2.	10	9	12	12	12	(²)	(²)
Apr. 1.	12	12	12	(²) 12	12	(²)	(²)
May 1.	12	12	12	12	12	(²)	(²)
June 1.	12	11	11	11	12	(²)	(²)
July 1.	12	11	11	11	12	(²)	(²)

¹ Per quarter: 1 quarter equals 8 bushels.

² No quotation.

TALLOW (PER TON).

Date.	From New York, N. Y., to—							France, Havre. ¹	Bel- gium, Ant- werp.	Nether- lands, Rotter- dam. ²
	United Kingdom.									
	Bristol.	Glas- gow.	Hull.	Liver- pool.	Lon- don.	Man- chester.				
1913.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.		s. d.		
.....	20 0	20 0	20 0	17 6	20 0	20 0	\$0.30	20 0	\$0.24	
.....	20 0	20 0	20 0	17 6	20 0	20 0	.30	20 0	.24	
.....	20 0	20 0	20 0	17 6	20 0	20 0	.30	20 0	.24	
.....	20 0	20 0	20 0	17 6	20 0	20 0	.30	20 0	.24	
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0	.28	
1914.										
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0	.28	
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0	.28	
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0	.28	
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0	.28	
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0	.28	
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0	.28	
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0	.28	
.....	22 6	22 6	20 0	20 0	22 6	25 0	.30	25 0	.28	
.....	35 0	32 6	30 0	30 0	30 0	30 0	.40	25 0	.38	
.....	35 0	35 0	30 0	30 0	30 0	30 0	.40	25 0	.38	
1915.										
.....	35 0	35 0	30 0	30 0	35 0	30 0	.40	25 0	.75	
.....	45 0	40 0	40 0	35 0	35 0	35 0	.75	25 0	.75	
.....	50 0	45 0	40 0	50 0	45 0	45 0	1.25	25 0	.75	
.....	60 0	60 0	60 0	60 0	60 0	60 0	1.25	25 0	1.75	
.....	60 0	60 0	60 0	60 0	60 0	75 0	1.25	25 0	1.75	
.....	60 0	75 0	60 0	75 0	25 0	75 0	1.25	25 0	1.00	
.....	60 0	75 0	60 0	75 0	25 0	75 0	1.25	25 0	1.00	

¹ 1 ton of 2,240 pounds stows in space of 65 cubic feet.

² Per 100 pounds.

APPENDIX E.

TABLE I.—*Rates of premium announced by the United States Bureau of War Risk Insurance (exclusive of rates applicable to special ports).*

Nature of policy.	Rates in effect from—			
	Sept. 17, 1914.	Dec. 15, 1914.	Jan. 11, 1915.	Feb. 15, 1915.
For voyage:¹				
Cargo—freight and advances—				
1. Between ports of the United States, its possessions, or any nonbelligerent ports in the Western Hemisphere.....	<i>Per cent.</i> ½	<i>Per cent.</i> ½	<i>Per cent.</i> ½	<i>Per cent.</i> ½
2. Between ports on the west coast of the United States and Japan.....	½	½	½	¾
3. Between ports on the west coast of the United States and China or the Philippines.....	½	½	½	¾
4. To nonbelligerent ports other than above not north of Havre, in Europe, nor east of Sicily, in the Mediterranean.....	1	1	1	1
5. To all other ports.....	1½	1	1	1
Vessels—				
1. Between ports of the United States or any nonbelligerent ports in the Western Hemisphere.....	½	½	½	½
2. Between ports on the west coast of the United States and Japan and (or) China.....	½	½	½	½
3. To nonbelligerent ports other than above not north of Havre, in Europe, nor east of Sicily, in the Mediterranean.....	1	1	1	1
4. To all other ports.....	1	1	1	1
For time:²				
Vessels—				
1. Without warranty.....	2	1½	1½	1½
2. Warranted using only nonbelligerent ports in the Western Hemisphere.....	1	½	½	½

¹ From port of loading to not more than two ports of discharge.² Period of 90 days.

[From New York Journal of Commerce.]

Between ports in the United States and—													
France—													
Denmark—Group 1.					Group 4, Mediterranean ports.								
Neutral vessels. ¹		American vessels.		Free of British capture or detention.	Group 2, channel ports.		Group 3, Havre and west coast.		Group 4, Mediterranean ports.				Free of British capture or detention.
Outward.	Inward.	Outward.	Inward.		Belligerent vessels. ¹	Neutral vessels. ¹	American vessels. ¹	Belligerent vessels. ¹	Neutral vessels. ¹	American vessels. ¹	Outward.	Inward.	
Perct.	Perct.	Perct.	Perct.	Perct.	Perct.	Perct.	Perct.	Perct.	Perct.	Perct.	Perct.	Perct.	Perct.
1914.													
Sept. 26.					3	1½	5	1½					
Oct. 1.					2	1	3	1½					
Nov. 7.					2	1	3	1½					
Nov. 17.					1	1	1	1					
Nov. 24.					1	1	1	1					
Nov. 28.					1	1	1	1					
Dec. 15.					1	1	1	1					
Dec. 22.													
1915.													
Jan. 5.													
Feb. 2.													
Feb. 20.													
Mar. 2.													
Mar. 6.													
Mar. 9.													
Mar. 12.													
Mar. 16.													
Mar. 30.													
Apr. 14.													
Apr. 20.													
May 4.													
May 11.													
May 23.													
June 4.													
June 8.													
June 29.													

¹ Except German and Austrian.

² Except American.

TABLE II.—Rates of premium on war-risk insurance quoted by insurance companies on general cargoes for the year ended July 31, 1915—Continued.

Between ports in the United States and—																
Date.	Italy, group 6.						Netherlands, group 7.			Norway, group 8. ¹		Portugal, group 9. ²				
	West coast.						Adri- atic ports.	Free of British cap- ture or deta- tion.	Belli- gerent ves- sels. ³	Ameri- can ves- sels. ⁴	Free of British cap- ture or deta- tion.	Stavanger and North.	Free of British cap- ture or deta- tion.	Belli- gerent ves- sels. ³	Ameri- can ves- sels. ⁴	
	Belligerent vessels. ¹		Neutral vessels. ⁴		American vessels.											
	Out- ward.	In- ward.	Out- ward.	In- ward.	Out- ward.	In- ward.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.
	1914.															
Sept. 26.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.	Per ct.
Oct. 1.	5	5	2	2	1½	1½	1½	1	1	2½	2	1½	1½	1½	1½	1½
Oct. 7.	3	3	2	2	1½	1½	1	1	1	2	2	1½	1½	1½	1½	1½
Nov. 17.	2	2	1½	1½	3	3	2	2	2	2½	2½	2½	2½	2½	2½	2½
Nov. 24.	1½	1½	1½	1½	1½	1½	1	1	1	1½	1½	1½	1½	1½	1½	1½
Nov. 28.	3	3	1	1	2	2	1	1	1	2	2	2	2	2	2	2
Dec. 15.	2	2	1	1	1½	1½	1	1	1	2	2	2	2	2	2	2
Dec. 22.	2	2	1	1	1½	1½	1	1	1	2	2	2	2	2	2	2
1915.																
Jan. 5.	1½	1½								2	1½					
Feb. 2.	1½	1½								2	1½					
Feb. 20.											1½			2		
Mar. 2.											1½					
Mar. 6.											2					
Mar. 16.											1½					
Apr. 20.											1½-2					
May 4.	1½	1½														
May 26.	1½	1½														
June 4.											3					
June 8.											2					
June 26.	1½	1½									2			5	5	5
June 28.	1½	1½									1½			1½	1½	1½

¹ Rates south of Stavanger same as in group 1.² Rates prior to June 4, 1915, same as in group 3.³ Except German and Austrian.⁴ Except American.

Date	Between ports in the United Kingdom (England and Scotland), group 13.											
	Spain (1), group 11.				Sweden (2)				United Kingdom (England and Scotland), group 13.			
	Russia, group 10, Archangel.		Spain (1), group 11.		Group 12, Stockholm.		West coast.		East coast (3).		London and channel ports.	
	Belligerent vessels.	Neutral vessels.	Belligerent vessels.	Neutral vessels.	Free of British capture or detention.	American vessels.	Belligerent vessels.	Neutral vessels.	Belligerent vessels.	Neutral vessels.	Belligerent vessels.	Neutral vessels.
	P. d.	P. d.	P. d.	P. d.	P. d.	P. d.	P. d.	P. d.	P. d.	P. d.	P. d.	P. d.
1914.												
Sept. 23.												
Oct. 1.												
Nov. 7.												
Nov. 17.												
Nov. 24.												
Nov. 28.												
Dec. 15.												
Dec. 22.												
1915.												
Feb. 2.												
Feb. 20.												
Mar. 2.												
Mar. 6.												
Mar. 9.												
Mar. 12.												
Mar. 16.												
Mar. 19.												
Mar. 30.												
Apr. 6.												
Apr. 14.												
Apr. 20.												
Apr. 21.												
May 4.												
May 11.												
May 21.												
June 4.												
June 8.												
June 15.												
June 28.												
July 13.												

¹ Rates prior to June 4, 1915, same as in group 3 for ports on the north and west coast and same as in group 6 for Mediterranean ports.

² Rates for other ports not beyond Malmo same as in group 1.

³ Not including London.

⁴ Except German and Austrian.

⁵ Except American.

TABLE II.—Rates of premium on war-risk insurance quoted by insurance companies on general cargoes for the year ended July 31, 1915—Continued.

Data.	Between ports in the United States and Central American States, West Indies, other North America.											
	Group 14.						Group 15. British West Indies, Cuba, Porto Rico, etc.					
	West coast.			East coast.			Nova Scotia, New Brunswick, Newfoundland.			Bermuda.		
	Belligerent vessels. ¹	Neutral vessels. ²	American vessels.	Belligerent vessels. ¹	Neutral vessels. ²	American vessels.	Belligerent vessels. ¹	Neutral vessels. ²	American vessels.	Belligerent vessels. ¹	Neutral vessels. ²	American vessels.
1914.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Sept. 26.....	5-10	2	1	6	1½	8	2½	1½	1	3	1½	1
Oct. 1.....	7½											
Nov. 1.....	3	1	½	3	½	½	1	1-1½	½	1	½	½
Nov. 17.....							½-1	½				
Nov. 24.....	3½-6	2	1	3	1½	½	1	½				
Nov. 24.....	3½-6	2	1	3	1½	½	1	½				
Dec. 15.....	1											
1915.												
Jan. 5.....			½									
Feb. 2.....			½									
Feb. 20.....			½									
Mar. 2.....			½									
Mar. 9.....												
Mar. 12.....												
Mar. 16.....				1								
Mar. 18.....												
Mar. 19.....												
Apr. 1.....												
Apr. 14.....	½-8											
Apr. 20.....												
May 4.....												
May 26.....	1	1½	1½	1	1½	1½	1	1½	1½	1	1½	1
June 4.....												
July 13.....			1½		1½	1½						

¹ Except German and Austrian.² Except American.³ Via Panama Canal.⁴ Via Strait of Magellan.

Between ports in the United States and South America, group 17.

Between ports in the United States and South America, group 17.																								
Date.	North coast.			Brasil.			Argentina and Uruguay.			West coast.						River Plate.								
	Belligerent vessels. ¹	Neutral vessels. ²	American vessels. ³	Belligerent vessels. ¹	Neutral vessels. ²	American vessels. ³	Belligerent vessels. ¹	Neutral vessels. ²	American vessels. ³	Neutral vessels. ²		American vessels. ³		Belligerent vessels. ¹	Neutral vessels. ²	American vessels. ³								
										M. ³	P. ⁴	M. ³	P. ⁴				M. ³	P. ⁴						
1914.																								
Sept. 26	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.							
Oct. 1	5	1½	½	7½	1½	1½	7½	1½	1½	10	2½	1½	1	7½	1½	1	1							
Nov. 7	2½			4			5			7½	2	1½		3	1									
Nov. 17										8														
Nov. 24										6														
Nov. 28										3½														
Dec. 1										6														
Dec. 15										2½														
Dec. 22																								
1915.																								
Jan. 5										2½	1	½	½	1½	1	½	½							
Feb. 2										1														
Feb. 20																								
Mar. 2																								
Mar. 9																								
Mar. 12																								
Mar. 16																								
Mar. 19																								
Apr. 14																								
Apr. 20																								
Apr. 21																								
May 4																								
May 26																								
June 4																								

¹ Except German and Austrian.

² Except American.

³ Via Strait of Magellan.

⁴ Via Panama Canal.

TABLE II.—Rates of premium on war-risk insurances quoted by insurance companies on general cargoes for the year ended July 31, 1915—Continued.

Date.	Between ports in the United States and Asia.															
	Group 18, China and Japan.								Group 19, India. ¹							
	Belligerent vessels. ²				Neutral vessels. ³				American vessels.				Group 20, Straits Settlements. ⁴			
	Via United Kingdom.	Via Suez Canal.	Via Cape of Good Hope.	Via Panama Canal.	Via Pacific coast.	Via United Kingdom.	Via Suez Canal.	Via Cape of Good Hope.	Via Panama Canal.	Via Pacific coast.	Via United Kingdom.	Via Suez Canal.	Via Cape of Good Hope.	Via Panama Canal.	Via Pacific coast.	Via United Kingdom.
1914.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Sept. 26.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Oct. 1.	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Nov. 7.	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Nov. 17.	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Nov. 24.	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Nov. 28.	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Dec. 15.	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Dec. 22.	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
1915.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Jan. 5.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Feb. 2.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Feb. 20.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Mar. 2.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Mar. 9.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Mar. 12.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Mar. 16.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Mar. 18.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Apr. 14.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Apr. 20.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
May 4.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
May 11.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
May 26.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
June 4.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
June 8.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
June 15.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
July 13.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

¹ Rates subsequent to Nov. 7, 1914, same as in group 18.² Via Suez Canal, Cape of Good Hope, Panama Canal, or Pacific coast.³ Except German and Austrian.⁴ Except American.

Between ports in the United States and Oceania.

Group 21, Australia, New Zealand, Philippines, and Java.¹

Date.	Belligerent vessels. ²					Neutral vessels. ³					American vessels.						
	United Kingdom.	Suez Canal.	Cape of Good Hope.	Panama Canal.	Pacific coast.	United Kingdom.	Rotterdam.	Suez Canal.	Cape of Good Hope.	Panama Canal.	Pacific coast.	United Kingdom.	Rotterdam.	Suez Canal.	Cape of Good Hope.	Panama Canal.	Pacific coast.
1914.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Sept. 20.	7½	7½	7½	7½	7½	7½	7½	7½	7½	7½	7½	7½	7½	7½	7½	7½	7½
Oct. 1.	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Nov. 7.	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Nov. 17.	4	3	3	4	2½	3	3	1½	1½	1½	1½	2	3	1	1	1	2
Nov. 24.	3½	2½	2½	2	2	2	3	1½	1½	1½	1	1½	2½	1	2	2	2
Nov. 28.	3½	2½	2½	4	4	2	3	1½	1½	1½	1	1½	2½	1	2	2	2

¹ Rates subsequent to Nov. 28, 1914, same as in group 18.

² Except German and Austrian.

³ Except American.

TABLE II.—Rates of premium on war-risk insurance quoted by insurance companies on general cargoes for the year ended July 31, 1915—Continued.

Date.	Between ports in the United States and Africa, group 22.											
	West coast.			South.			East coast.					
	Belligerent vessels.		American vessels.	Belligerent vessels. ¹		Neutral vessels. ²	American vessels.		Belligerent vessels. ³		Neutral vessels. ³	
	Per cent.	Per cent.		Direct.	Per cent.		Direct.	Per cent.	Via Suez Canal.	Per cent.	Via Cape of Good Hope.	Per cent.
1914.												
Sept. 26.....	7½	1										
Oct. 1.....	5	1½										
Nov. 7.....	3½											
Nov. 17.....	2											
Nov. 24.....	2											
Nov. 28.....	3½											
Dec. 15.....	1½											
Dec. 22.....	1½											
1915.												
Jan. 5.....												
Feb. 2.....												
Feb. 20.....												
Mar. 2.....												
Mar. 9.....												
Mar. 12.....												
Mar. 16.....												
Apr. 20.....												
May 11.....												
May 26.....												
June 4.....												
June 15.....												

¹ Except American.² Except German and Austrian.

APPENDIX F.

TABLE I.—All classes of aliens admitted, departed, debarred, deported, and citizens arrived and departed, by ports, years ended July, 1914, and July, 1915.

[Prepared by Bureau of Immigration, Department of Labor.]

Ports.	* Immigrant aliens ad- mitted.	Non- immigrant aliens ad- mitted.	United States citizens arrived.	Aliens de- barred.	Emi- grant aliens de- parted.	Non- em- igrant aliens de- parted.	United States citizens de- parted.	Aliens de- ported by im- migation officers after land- ing.
AUGUST, 1913, TO JULY, 1914.								
New York, N. Y.	821,792	112,640	169,363	16,125	236,494	205,448	225,480	2,199
Boston, Mass.	63,287	10,482	14,722	845	9,810	17,186	17,090	133
Philadelphia, Pa.	51,375	2,585	3,079	741	8,647	2,745	4,045	167
Baltimore, Md.	38,010	1,008	1,174	302	1,935	1,120	2,130	89
Canadian Atlantic ports.	26,194	12,821	5,549	795	6,313	3,339	4,208	
Portland, Me.	1,951	5,761	127	134	386	5,973	393	9
New Bedford, Mass.	1,727	376	52	30	278	171	8	1
Providence, R. I.	9,700	971	493	183	1,440	1,079	600	8
Newport News, Va.	62	59	20	2	1	1	1	1
Norfolk, Va.	16	6	1	11				2
Savannah, Ga.	7		20	3				2
Miami, Fla.	1,433	2,254	1,420	29	902	1,868	1,094	
Key West, Fla.	1,421	3,639	11,782	52	766	6,051	12,601	1
Other Atlantic ports.	27	7	21	1		1	13	3
Tampa, Fla.	1,837	1,518	2,012	19	5	10	8	3
Pensacola, Fla.	11	1	11	2				3
Mobile, Ala.	131	201	223	17	14	70	168	8
New Orleans, La.	2,705	2,451	11,163	70	832	2,860	7,869	23
Galveston, Tex.	6,460	268	4,179	258	756	316	1,033	39
Other Gulf ports.	38	6	2	2				
San Francisco, Cal.	6,796	3,055	5,511	331	2,197	6,476	6,252	660
Portland, Oreg.	46	2						3
Seattle, Wash.	2,822	2,528	905	132	652	2,474	1,044	51
Canadian Pacific ports.	360	1,037	935	15	680	1,245	932	
Alaska.	531	57	4,170	12				
Canadian border stations.	83,790	8,764	42,828	9,957	30,289	55,351	64,447	766
Mexican border stations.	12,631	3,515	1,629	2,407	1,377	1,235	695	543
Honolulu, Hawaii.	4,271	1,474	1,047	205	795	3,083	2,009	31
Porto Rico.	1,182	2,395	2,902	35	957	2,381	4,056	
Total.	1,140,613	179,881	285,340	32,715	305,505	320,483	356,176	4,745
AUGUST, 1914, TO JULY, 1915.								
New York, N. Y.	146,971	58,106	122,455	1,979	137,082	107,976	68,947	655
Boston, Mass.	13,754	4,608	9,340	129	7,830	7,161	2,539	83
Philadelphia, Pa.	4,926	971	1,686	57	5,967	885	745	42
Baltimore, Md.	416	92	59	25	62	66	132	4
Canadian Atlantic ports.	3,716	2,585	9,544	37	1,443	708	1,047	
Portland, Me.	115	239	22	4	95	1,768	15	4
New Bedford, Mass.	744	129	20	25	258	33	4	4
Providence, R. I.	2,526	227	212	17	1,740	426	322	11
Newport News, Va.	195	368	261	36		1	1	1
Norfolk, Va.	36	72	35	14				
Savannah, Ga.	14		26	1				
Miami, Fla.	1,095	1,737	1,158	43	872	1,716	930	2
Key West, Fla.	702	3,140	10,141	23	2,681	4,994	11,367	5
Other Atlantic ports.	27	4	13	4				
Tampa, Fla.	1,488	1,369	1,590	13	7	5	14	7
Pensacola, Fla.	3		1	2				2
Mobile, Ala.	55	100	176	11	2	213	62	4
New Orleans, La.	1,612	2,535	7,209	38	738	2,196	6,467	10
Galveston, Tex.	1,665	186	1,513	20	50	41	158	7
Other Gulf ports.	37	1	6					1
San Francisco, Cal.	8,440	4,285	6,907	243	3,071	6,969	5,301	94
Portland, Oreg.	89	5	2					1
Seattle, Wash.	2,621	2,284	778	122	790	2,246	733	27
Canadian Pacific ports.	238	515	314	21	224	618	250	
Alaska.	482	57	2,551	33				
Canadian border stations.	82,737	7,725	45,845	17,761	21,030	16,054	25,913	836
Mexican border stations.	9,168	6,652	323	2,977	170	714	556	605
Honolulu, Hawaii.	3,035	1,074	654	73	419	3,039	1,641	3
Porto Rico.	920	2,130	3,171	24	803	2,141	3,616	3
Total.	287,827	101,499	226,272	23,735	185,334	159,970	130,760	2,411
Net decrease, 1915:								
Number.	852,786	78,382	59,068	8,980	120,171	160,513	225,416	2,334
Per cent.	75	44	21	28	39	50	63	49

Secretary REDFIELD. I think I express the feeling of our department when I say that prognostications as to what is to be the future of shipping are based on the uncertainty as to what is going to happen to shipping in the coming months before the war ends. I don't know how many more vessels are going to be destroyed. I don't know of anybody that does, and any prophecies as to the future of shipping which leaves that out of account, are to be, of course, entirely upset by whatever facts of that kind might happen. It is the fact, of course, that every day nearly we hear of merchant vessels being destroyed, and it is, of course, a fact that the present number of merchant vessels available is far too small for the traffic, and that we are very seriously handicapped in all our ports by lack of ships to carry our cargoes.

But if I may say so, that is the least of our difficulties. We are in a position, to speak with frankness, such as a self-respecting nation can not long stay in. The question whether American manufacturers ship their goods to-day depends in a very large part upon whether somebody else wants them to be shipped, and upon their consent to taking them.

This mass of letters here speaks one after another of the conditions. We are a department store without a delivery system. We have been dependent upon our rivals for means of delivering our goods. So long as it is profitable for our rivals to lend us their water wagons they will do it. The moment it becomes to their interest not to lend us those wagons they cease to do so—and the situation to-day is that for reasons that are sufficient unto themselves in many cases they not only refuse to allow us to use their ships but they may take methods to make others refuse also. For example, a concern wishing to ship 10 tons of metal to a Scandinavian port, placed the goods upon a neutral ship, and was notified, after they were on board the vessel, a day or two later that because the vice consul of another power has not O. K'd the bill of lading the neutral steamship company could not receive their goods, and they were put back on the dock. The reason for that was that this company, this manufacturer, had not signed a certain agreement about their goods which had nothing to do with this shipment. Therefore the fact is this—that A can not ship goods to B because, as regards C, he has not made another agreement regarding the matter with D. In other words, the shipment was held up because the vice-consul refused, for reasons wholly unrelated to the matter, to O. K. a bill of lading for a vessel not of his own country, and the shipment was not sent and has not been yet.

A miller in Winona, Minn., shipped flour under an annual contract to Alexandria, Egypt. After a shipment was made in the regular course of business he drew on his bankers in New York for the amount of goods going forward by a neutral line. When the goods got to New York the neutral was found to have suspended sailings, his vessel being commandeered by his Government. The draft was dishonored on the ground that the shipment had not been sent. On the back of the bill of lading was a rubber-stamped agreement to the substantial effect that at the convenience of the foreign Government they could suspend shipping. They did so. You can imagine what your feelings would be if you had used the proceeds of the draft.

I give you these instances to illustrate what it means to use a foreign delivery wagon. When the foreigner wants his wagon he takes it

Now these were both neutral nations and they wanted their ships, and whether we needed those ships or not was a merely incidental matter to them. There could hardly be a more striking example of the helplessness of this great people upon the sea.

Mr. Thurman reminds me of the case of a manufacturer in New England in whose behalf we worked in China to get an order for the entire equipment of two Chinese cotton mills. The order was taken against the very keen competition of British manufacturers and the American manufacturer was justly proud of having taken an order for about 4,650 tons of machinery in competition with the great concerns of Great Britain. I think I am safe in saying that an exaction of almost if not quite \$100,000 additional for freights was made before he could get his goods carried across the Pacific Ocean at all. Certainly it was hoped to get a rate of 75 cents a hundred pounds through. That was considered, I believe, several times the ordinary rate. At last he paid \$1.30 a hundred pounds.

In other words, do you not see that a foreign Government controlling—

The CHAIRMAN (interposing). Mr. Secretary, right at that point I have that correspondence here referring to the Saco-Lowell shops. I think it would be well to put that in the record.

(The letter and the correspondence follow:)

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, December 24, 1915.

MY DEAR JUDGE ALEXANDER: I hand you copy of letter from the Saco-Lowell Shops, dated 21st, which is in substance an application to be advised of the terms and conditions on which a Government transport may be used in connection with their Chinese shipments provided legislation is enacted permitting such use. These are the parties of whom I recently wrote you, and you will recall the suggestion about which we have corresponded to the effect that such use of Government vessels might be permitted either by joint resolution or by the coming shipping bill. It would be my thought that whichever would get the ships into use first should be at least considered with great care.

I confess that it is hard to regard with patience these idle vessels swinging at their anchors when so much depends upon their use.

Appreciating your kind attention to this matter, I am,

Yours, very truly,

WILLIAM C. REDFIELD, *Secretary.*

Hon. J. W. ALEXANDER,
*Chairman Committee on Merchant Marine and Fisheries,
House of Representatives, Washington.*

BOSTON, MASS., December 21, 1915.

Hon. WILLIAM C. REDFIELD,
Secretary Department of Commerce, Washington, D. C.

MY DEAR SIR: Referring to our recent correspondence regarding the trouble we are having in obtaining freight rates to China, would say that we received another inquiry the day before yesterday from our agents in Shanghai asking a rate on machinery for delivery in September and October, and up to this writing we have been unable to obtain any definite rate, although we have been making every effort to obtain this information.

We have made extraordinary efforts to develop our business in China; we have a man there now, and from orders received and others pending, it would seem that we could do some business there if we were able to depend upon shipping our machinery at reasonable definite dates and at reasonable rates.

Our competition comes largely from England, and our representative advises us that the English shipments and rates have not been materially changed and have stability that can be depended upon, but the advance in rates from this country has

been so great and the deliveries are so unreliable that it has prevented our being able to do business.

If any legislation is enacted permitting the use of Government transports to carry cargoes, we wish to know the terms and conditions under which it would be best for us to make shipments.

Any information or assistance that you can give us along these lines will be greatly appreciated.

Very truly, yours,

SACO-LOWELL SHOPS,
T. J. HALE, *General Agent*

Secretary REDFIELD. You will observe the case, therefore, where a competing power could use its power at sea to tax us so heavily for delivering an order we have taken in competition with its manufacturers that by reason of freight rates our manufacturers might not want to take another one since he could find no friendly interest on the water that would carry his goods.

Mr. HARDY. Has our own shipping been any more considerate of the rights of the shipper than foreign shipping, or have they piled up their charges just about the same?

Secretary REDFIELD. I am not prepared definitely to say, Judge Hardy, except that there is the case of one company running to South America and the West Indies, which, up to a few months ago, had not advanced its rates. Whether they have done so since I do not know, but there were a good many months in which the rates had been raised everywhere else when that company held them as they were before.

Now, I think we shall have our American flag back on the Pacific. Everything seems to point to that end. But without wishing to weary you, I hope you grasp the thing which has become a matter of daily sorrow to us, and that is that American helplessness commences at the water, and that this great people of ours is not independent in that sense, but dependent, and we must solicit the assistance of others when they choose, as they choose, and to the extent they choose, at the price they choose, if we are to do our business abroad.

Now, I think we all feel—for here is no question, gentlemen, of any party—that it is intolerable, and for one I am glad to go on record and say that I will consent to anything that will stop that. It is intolerable.

I hold in my hand a letter, dated February 8, of which I will read a portion.

AMERICAN CAST IRON PIPE CO.,
New York, February 8, 1916.

Dr. E. E. PRATT.

*Chief Bureau of Foreign and Domestic Commerce,
Washington, D. C.*

MY DEAR DR. PRATT: We have received a cable from our agent in Buenos Aires informing us that the Department of Public Works of the Argentine Republic will be in the market shortly for 28,000 tons of cast iron-water pipe. A public letting will be held on March 16, to which we will be invited to compete with European manufacturers.

Up to the present time European foundries have furnished practically all the water pipe that has been used by the Argentine Republic, the Belgian, French, German, and English having divided the orders about equally. At the present time the French, German, and Belgian foundries are not in position to make quotations, and the competition therefore rests between the British and ourselves. Except for the transportation situation, we would have a good chance to secure this business, and it is useless to point out to you that this is an opportunity of a lifetime for us American manufacturers; the first opportunity, as a matter of fact, that we have had to compete for the Argentine business, and if we fail this time we may as well retire from the field.

The freight situation appears an unsurmountable obstacle and the purpose of this letter is to appeal through you to the Department of Commerce of the United States, with the hope that you may possibly offer some suggestions which will assist us in solving our difficulties. Before we can make quotations, we must, of course, have some definite freight rates guaranteed us, and, so far, none of the regular steamship lines have offered us any encouragement in this direction. We inclose herewith a copy of a letter we sent to several of the steamship companies operating between this country and the Argentine. We have received only one response to this letter, and our investigations of the general situation convince us that we can not hope to secure freight rates on this movement which would give us any chance of securing this business. The British steamship companies, we are satisfied, will make freight rates to British pipe foundries at about half our present rate. As a matter of fact, the two or three steamship lines that we have from the United States to the Argentine absolutely decline to name us any rates which they would be willing to protect for some three, four, or five months ahead. At present, to charter would cost us \$30 per ton to freight our pipe from New York, or from Gulf ports, to Buenos Aires, which is considerably more than the cost of the pipe, and we would stand no show with British manufacturers with these exorbitant rates. The writer has consulted many ship brokers, the officials of the American International Corporation, the officials of the American-Hawaiian Steamship Co., and others; but nothing definite in the way of tonnage, at anything like a reasonable rate, has been offered us.

The president of the American Cast Iron Pipe Co., Mr. J. R. McWane, is now in Chile and will arrive in Buenos Aires within the next few days. Mr. McWane will cable us shortly to find out what we can do in the way of freights. We would like to be able to tell him that the United States Department of Commerce will undertake to assist us in making a reasonable freight rate that would protect us in our quotations in competition with British manufacturers.

It occurs to writer that this situation is well worth bringing before the Congress of the United States, or the committee which has in charge the merchant marine bill. The writer would be glad to go to Washington if you should think it advisable, to put the details before the proper authorities.

Yours, very truly,

AMERICAN CAST IRON PIPE CO.
DEVEREUX LAKE.

Mr. HARDY. Have you any definite evidence that these companies that have been carrying for the United States trade are really charging our shippers double prices to what they charge the English shipper?

Secretary REDFIELD. Well, no, Judge Hardy.

Mr. HARDY. The reason I asked that question is that in normal times private shipping companies have appeared before this committee, whether English, German, or otherwise, and they all claim that they give the American shipper fair treatment; that it is a matter of business and not of country.

Mr. EDMONDS. Mr. Secretary, isn't it a fact that after the Pacific Mail went off the Pacific Ocean the Japanese rates were raised going out and left the same coming in?

Secretary REDFIELD. I don't know. I think it is quite possible. I have a statement here which I was about to read. It is a statement from our commercial attaché to our minister in China.

Mr. EDMONDS. The statement has been made in the newspapers that the Japanese lines from San Francisco had raised their rates on goods going to the Orient from this country, but had left their rates the same coming into this country.

Secretary REDFIELD. It is a matter that can be very easily found out.

Mr. EDMONDS. That statement was made in the Philadelphia Ledger, I think.

Secretary REDFIELD. I have several examples of discriminating rates: one even worse than that you speak of. The one that the

chairman hands me is a communication from our consul in Auckland, New Zealand.

(The statement follows:)

THE SECRETARY OF THE TREASURY,
Washington, January 10, 1916.

DEAR JUDGE ALEXANDER: I hand you herewith for your information copy of a letter from the American consul general at Auckland, New Zealand, addressed to the Secretary of State, relative to freight rates from that port to London and New York.

Faithfully yours,

W. G. McAdoo.

Hon. J. W. ALEXANDER,
House of Representatives.

SHIPPING RATES STILL GREATLY IN FAVOR OF LONDON.

[From Consul General Alfred A. Winslow, Auckland, New Zealand, Oct. 28, 1915.]

I have the honor to report that there is still much complaint on the part of merchants in New Zealand relative to freights between New York and this country and vice versa. It is claimed that freight rates are higher between New York and New Zealand ports than between New Zealand ports and London, and that now the Panama Canal is closed still another advance is made to and from New York.

However, the sky is beginning to clear away some, for new lines are entering for the trade, but even these are quoting rates in favor of London, and it seems that this will continue until American lines can enter for this business. The latest rates quoted for New York, via London, on Kauri gum is \$17.03 per ton against but \$12.16 for London, with a prime of 10 per cent and a war surtax of 25 per cent in each case. Now a new line is quoting a new rate to New York of \$14.60, with a prime of 10 per cent and a war surtax of 25 per cent, making the rate \$2.44 more to New York direct than to London, although New York is much nearer to New Zealand than London, and entirely without the war zone.

These matters quite seriously affect trade with the United States, and are quite a handicap that should be overcome if possible.

I have the honor to be, sir, your obedient servant,

(Signed)

ALFRED A. WINSLOW,
American Consul General.

Secretary REDFIELD. I have a statement also from our commercial attaché to our minister in China which is of quite recent date, being dated December 28. It appears that unless an American concern declines to sell to an enemy of Great Britain—in China not in a belligerent country, but an enemy residing in China—the consular authorities of Great Britain threaten to put this firm on the blacklist, and unless the orders are canceled this means that British ships will not accept cargoes from that firm and will not advance it credit, and so on. A parcel was shipped by an American manufacturer to Shanghai via Wells Fargo Express Co. It comprised American goods shipped on an American steamer and through an American and consigned to a German subject in China. The agent of Wells Fargo & Co., Shanghai, being British, was obliged to withhold the delivery of this parcel. Thus the consignee could not secure it without the consent of the British consul, which it appears has not been given. The British white and black lists are published for the benefit of British merchants and all warned to have no business with those whose names appear on the blacklist. Ordinarily speaking, the only recourse for an American firm on the blacklist is to go to the British consulate with a sworn statement that he will no longer have any business favoring of enemy taint.

As the American firms have to depend in China upon other than American shipping or banking facilities, the majority must come to

complying with the British orders sooner or later, if they would continue to do business in China. Where British consignees are permitted to take delivery of goods on their own responsibility, American firms are often obliged to disprove "enemy taint" before such delivery is permitted. Cases are cited by our consuls of goods of American manufacture having been accepted by British ships in the United States for shipment to China and after arriving there, because of suspicion of being ultimately destined for German consumers or German merchants, held by the British authorities, pending proof of lack of "enemy taint."

In other words, without multiplying these cases, our dependence at sea is being enforced by those who can do so in their own interests, because we need to use their means of transit, and none of us, as Americans, can ship on our own ships to any very large degree. We are carrying more than we did. We are carrying 11 per cent or 12 per cent, but with small exceptions we are in hands which while we can not call them unfriendly, are not primarily acting in our interests but are primarily acting in their own.

Mr. BYRNES. Whom did I understand you to say held the package up?

Secretary REDFIELD. It was held up right in China by an agent of the express company, who was a British subject.

Mr. EDMONDS. The express company is an American company?

Secretary REDFIELD. Yes; but the agent was British. It merely illustrates the processes they use as to American goods.

The CHAIRMAN. That is, under the enforcement of their enemy shipping—

Secretary REDFIELD. Yes; trading with the enemy act.

Mr. EDMONDS. Will you tell us whether the special rates given to the Japanese over the Manchurian railroads have been stopped?

Secretary REDFIELD. I do not know.

Mr. CURRY. This particular package is an American article, shipped by an American manufacturer, on an American ship through an American express company?

Secretary REDFIELD. Yes.

Mr. CURRY. This shipping bill would have nothing to do with that?

Secretary REDFIELD. No; it illustrates a method of holdup.

Mr. CURRY. They hold it on the other side after it arrives?

Secretary REDFIELD. They refuse shipment, and by reason of the supervision exercised over neutral ships, the goods have to remain there. We are in that embarrassing position.

Mr. CURRY. That is pretty close to an unfriendly act.

Secretary REDFIELD. Here is a statement concerning the shipment of enameled ware to Buenaventura, Colombia, in which there appears to have been a discriminatory rate in favor of Great Britain as compared with the United States, and without reading it I will put it in the record.

(The communication follows:)

130 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

UNITED STATES DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
January 15, 1916.

FREIGHT RATES FROM ENGLAND TO SOUTH AMERICA.

CHIEF BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Department of Commerce.

SIR: In reply to your letter of the 16th ultimo, relative to a shipment of enameled ware by the firm of Albert Hurt & Co., of New Orleans, and the suggestion that freight charges on this shipment were excessive as compared with freight rates from Great Britain, I beg to advise that I have obtained the following information as to the rates in question as they were on December 15 last:

At that time the rate to Buenaventura, Colombia, was 62s. 6d. per ton, and, according to the method of measurement of enameled ware, the shipment by Hurt & Co. would probably have been taxed at the rate of 1½ tons, the classification of such products being double the actual weight. In addition to the freight rate of 62s. 6d., there was a surcharge of 10 per cent, with an additional overtax of 10 per cent, the latter tax having been increased to 20 per cent within the last three weeks. This would work out at about \$27.25, while the present rate would be nearly \$30. It is possible that the classification made use of in New Orleans is not identical with that in effect here. This might make the rate practically the same as that charged for a shipment from England to Colombia.

Respectfully,

A. H. BALDWIN,
American Commercial Attaché.

Secretary REDFIELD. I have here a very interesting communication from the German-American Button Co., people of good character, and a large concern in Rochester, N. Y. They go fully into this question of discriminatory freight rates, and they point out that the success of our commerce for which there has never been so great an opening as there is at present, depends upon the speedy developing of American shipping, and they say here:

Under such conditions it appears that the manufacturers of the United States are not only now, but will be after the close of the war, practically at the mercy of the foreign Governments as regard their freight rates and shipping accommodation unless some steps are taken by our Government either to subsidize steamship companies or to form steamship companies which will be controlled by our Government in the interests of our manufacturers and exporters.

(The letter follows:)

ROCHESTER, N. Y., *February 7, 1916.*

The Hon. WM. C. REDFIELD,
Secretary Commerce, Washington, D. C.

DEAR SIR: The Department of Commerce has been for some time past very active in urging the manufacturers of this country into a foreign business on well-laid-out and carefully analyzed plans so as to provide for its future growth and development. A great deal of interest has been shown by the manufacturers at large and also a great deal of progress has been made, as is indicated by statistics of exports to many different countries.

There is one phase of the situation, however, in which the Department of Commerce does not seem to take such an active interest, which, to our minds, is one of the most essential features if the manufacturers and exporters of this country are expanding into the foreign fields with a view of the future growth and development of the foreign commerce of this Nation rather than for "present-time" business. That to which we refer is the great lack of shipping accommodations and the unreasonably high freight rates it is necessary to pay when one has finally been able to secure accommodations for a shipment. This lack of shipping accommodations is felt especially when it is necessary to forward shipments to Australia or New Zealand, while the exorbitant freight rates apply to shipments destined to practically any part of the globe.

We know that nothing can be gained by citing our own individual cases, because they are only trivial as compared to the many others who are having the same trouble, but for the sake of illustration we shall give four incidents that have occurred just recently in connection with our business.

Date of shipment from Rochester to New York.	Destination of goods.	Date shipments finally cleared from New York.	Freight rate paid.
Dec. 21, 1915.....	Melbourne.....	Jan. 29, 1916.....	\$1.08 per c. f.
Do.....	Adelaide.....	Jan. 31, 1916.....	\$1.02 per c. f.
Dec. 27, 1915.....	Sydney.....	do.....	Collect—not known.
Dec. 24, 1915.....	Auckland.....	Feb. 5, 1916.....	\$1.18 per c. f.

These shipments were all for delivery at their various destinations on or about January 20. Such delays cause great dissatisfaction on the part of foreign customers, and the prevailing high freight rates help very materially to make the price of American goods unreasonably high, because it is an evident fact that this additional cost of transportation must ultimately come out of the foreign customer, either directly or indirectly. Therefore, it is also evident that these conditions form a great handicap to the manufacturer in the United States when endeavoring to expand into foreign fields and to compete with foreign manufacturers or producers of similar goods.

It is a recognized fact that there is at the present time a heavy demand for manufactured products from the United States because of the war. No one at this time can predict the outcome of this deplorable war, but if the countries now engaged remain the same, or practically so, geographically, when peace again prevails—as they undoubtedly will from all indications at the present time—those countries will again immediately send their salesmen out to regain the position they once held in the foreign markets of the world. Latin America and other neutral countries will be infested with salesmen from all of the countries now at war; the British possessions, such as cited above, for instance, will immediately become the prey of England herself, to a much greater extent than they are at the present time, and also of France and Italy; and, too, the interchange of products among the allies and between the entente powers will become brisk also immediately at the close of the war. We believe that the foreign commerce of those countries can be regained and carried on much more easily after the close of the war than the increased foreign commerce of the United States can be retained. In explanation of this statement we would cite the following reasons, which we believe will work decidedly to the advantage of the manufacturers and exporters of those foreign countries and to the disadvantage of the manufacturers and exporters of the United States.

First. After the close of the war, even if shipping conditions do become somewhat better, the present high cost to our foreign customers of the products from the United States, due to the terribly high freight rates, and the poor deliveries which the manufacturers and exporters in the United States have been giving their foreign customers, due to lack of shipping accommodations, will both remain very vivid in the minds of the foreign buyers, and these facts will carry considerable weight when they are later deciding between the line of a manufacturer in the United States and the competing line of a manufacturer in one of the European countries.

Second. When a steamship company is subsidized by a foreign government, it serves the interests of that government first of all. This is well illustrated in the case of the Union Steamship Co. (Ltd.), which is subsidized by both the Canadian and New Zealand Governments. Since there are no regular sailings between the Atlantic ports and New Zealand, it might be possible to send important shipments at times via the Pacific coast ports were it not for the fact that the Union Steamship Co., due to reasons stated above, gives preference to the bookings of Canadian freight and handles only such freight from our ports as it wishes to fill out its cargoes. And in addition to this the Union Steamship Co. has practically a monopoly of the Pacific coast shipping to New Zealand and can charge about whatever freight rates it wishes.

Under such conditions it appears that the manufacturers of the United States are not only now, but will be after the close of the war, practically at the mercy of the foreign governments as regards their freight rates and shipping accommodations, unless some steps are taken by our Government either to subsidize steamship companies or to form steamship companies which will be controlled by our Government in the interests of our manufacturers and exporters.

We believe that the manufacturers in the United States do not generally fear but, on the other hand, rather like fair competition; but it is rather problematical whether or not they will be keen about competition such as is possible under the above conditions.

A great deal has been said and more has been written on this subject, and we are well aware that you are familiar with these facts, but this is simply to urge upon you a request to use your influence to the greatest extent to see that something is actually done

to bring about a betterment of the existing conditions. It seems to us that if the country is to retain its increased foreign commerce, which has been obtained since the beginning of the war, that some such measures will have to be taken to protect the interests of our manufacturers and place them on a fair competitive basis with the manufacturers of the rest of the world.

It does but little good to urge our manufacturers to reach out in an effort to grasp the world's markets only to find after business is secured that it is almost impossible to ship the goods; or, if they can be shipped within a reasonable time, only at such a cost that it means either a loss to the manufacturer or prohibitive prices to the foreign customer.

Very truly, yours,

GERMAN-AMERICAN BUTTON CO.
R. C. LAMB.

Secretary REDFIELD. These are the conditions which confronted us and the question was what we should do about them. It is perfectly obvious, Mr. Chairman, that something had to be done. The consensus of opinion of the country seemed to be that something had to be done, that this was a matter requiring the continued thought of the best in civil life and the best in public life that was available, and that all the knowledge that both had should be, if possible, condensed into one board; that there should be a forum with power before which these things could be brought, and which had authority to act, and to my mind this measure has that as its chief characteristic, that it does provide a definite forum where all men may go into the open and be heard, and which has at the same time power to act in the premises, while it is under the constant guardianship of the Executive and of Congress. So you will observe that the title of this bill is evolved out of that decision to establish a United States shipping board, and that is its single great feature.

The powers of this board were made broad in order that action might be taken under these changing and difficult circumstances suitable to the circumstances as they might from time to time arise. Therefore the board was authorized to construct in American shipyards and navy yards—for there are navy yards which are available for merchant construction, which have never been used but which can be used, for example, the yard at Charleston, where slips could be laid down speedily and in which a number of small merchant vessels could be built. The idea was for authority to use all that we had, all that we could get, in the construction of vessels, and if it should be thought in their judgment necessary, and the opportunity should offer, that they should be permitted to purchase or to charter a vessel, in any way necessary and lawful, to get a vessel which could be utilized for the purposes of our commerce. I would call your special attention to the language on page 4, line 8, that these purposes are to be exercised "with a view to chartering, leasing, or selling such vessels to any corporation, firm, or individual, a citizen or citizens of the United States desiring to use them in the transportation of the commerce of the United States." It is a declaration of purposes that this board is to exercise these broad powers "with a view" to utilizing them for the benefit of individuals, firms, or corporations desiring to use them in the commerce of the United States.

The CHAIRMAN. At that point it was complained that this bill was not as specific as the former bill was, in that it does not say "in the transportation of the commerce of the United States with foreign

countries * * * and with Central and South America, and it was thought there was some sinister purpose in that.

Secretary REDFIELD. Aren't they foreign countries?

The CHAIRMAN. Yes; but it was thought it would be an assurance if we had named them especially. We include our regular possessions and the Territory of Alaska, and then say foreign countries.

Secretary REDFIELD. If that will relieve the committee's mind, I should be perfectly willing to have that inserted. But I had always understood that the countries of South America and Central America are foreign countries.

You will observe that means are also provided for the sale of these vessels.

Mr. EDMONDS. I would like to ask a question. It says here that the board is authorized to charter, lease, or sell the vessels purchased or chartered. Do you think that is right?

Secretary REDFIELD. Oh, no.

Mr. EDMONDS. That is what it says in the bill, section 4, second line. I don't know whether you want to legalize embezzlement, but that is what it looks like.

Secretary REDFIELD. I think that would be subject left to the committee. I am quite sure that there was no purpose to charter a vessel and then sell it. I think if a man could do that.

Mr. EDMONDS. I want to ask you a serious question. I don't suppose you put that in meaningly. I have given these bills the privilege of dealing with the Philippine Islands, the Hawaiian Islands particularly. Supposing you chartered an English vessel, how would you give it the privilege of trading under our registry laws with the Hawaiian Islands or with Porto Rico?

Secretary REDFIELD. You would have to transfer its registry.

Mr. EDMONDS. How can you transfer the registry of a chartered vessel?

Secretary REDFIELD. I shall have to put that up to the selectmen Mr. Thurman.

Mr. THURMAN. That is the only way he could do it. Whether it would do it or not, I do not know.

Secretary REDFIELD. He would have to consent to the transfer of his flag.

Mr. EDMONDS. How could he put it on a chartered vessel?

Secretary REDFIELD. Not without the consent of the owner.

Mr. EDMONDS. He would have to put it under the American flag.

Secretary REDFIELD. He could not do it.

Mr. EDMONDS. I think he could not, and yet you mention it in there.

The CHAIRMAN. How is that?

Mr. EDMONDS. I am trying to find out how you can charter an English vessel under this bill.

The CHAIRMAN. You could not put an English vessel under an American flag simply by chartering it.

Mr. EDMONDS. Then they could not deal with the Hawaiian Islands nor with Porto Rico.

The CHAIRMAN. Who could not?

Mr. EDMONDS. Those vessels.

The CHAIRMAN. What vessels?

Mr. EDMONDS. That were not under the American

The CHAIRMAN. I presume we could charter a vessel under an American flag.

Mr. EDMONDS. I am talking about foreign vessels.

The CHAIRMAN. I don't think that could be done unless they were vessels belonging to an American citizen or an American corporation.

Mr. EDMONDS. I just wanted it explained. That is what the solicitor said. A little further along in section 6 you are requiring that all vessels chartered should be registered or enrolled under the laws of the United States. Therefore you are prohibiting absolutely from chartering or leasing any foreign vessel. I was wondering where you expected to get your vessels from quickly.

The CHAIRMAN. There would not be any foreign vessels now.

Mr. EDMONDS. That is true.

The CHAIRMAN. I had in mind all the time that it was American vessels.

Mr. THURMAN. This bill, which would specifically authorize the enrollment and the registry of a foreign vessel under the American flag, would have the effect, as I take it, of repealing any other provision preventing that.

Mr. EDMONDS. In other words, then, we could lease an English ship. I think we could under this bill.

Mr. THURMAN. I think you could.

Mr. EDMONDS. Of course, this bill is not made for the time of the war. There would be a time come when the provision would be useful or not useful.

Mr. THURMAN. Under this bill I think you could charter a foreign-built ship and put it under the American flag, but could not, under this bill, use it in coastwise trade.

Mr. EDMONDS. Does your department agree to that?

Secretary REDFIELD. Yes. I call your attention to the fact that vessels would not under the provisions of this bill be authorized to trade in coastwise trade, because the bill limits it to vessels constructed in United States shipyards.

Mr. EDMONDS. But I know the Hawaiian Islands have been considered coastwise trade, and they have been taken out of the coastwise line and put in a class by themselves.

Mr. THURMAN. They could trade there, not from port to port.

Mr. EDMONDS. But we are applying the coastwise provision to all vessels. I suppose you will have to treat all vessels alike.

Mr. THURMAN. That is correct.

The CHAIRMAN. Of course, that is why the question will have to be examined with some care, and I do not understand—at least, that is not my construction of the bill—that foreign-built ships brought under American registry under the provisions of this bill can be used for coastwise trade.

Secretary REDFIELD. Now, pardon me just a moment. That is the proviso to—

Mr. EDMONDS. That is the proviso under section 4, page 5, line 20.

The CHAIRMAN. Now, there is this exception generally under the provisions of this bill, that these vessels may be used in the foreign trade—

Provided, That vessels constructed in American shipyards and navy yards under the provisions of this act may be chartered, leased, or sold to any such corporation, firm, or individual, a citizen or citizens of the United States, for use in the coastwise

of the United States, particularly the trade between the Atlantic, Gulf, and coasts.

x, that would include, of course, all of the coastwise trade of Rico and the Hawaiian Islands, because they are included in wise-trade laws of the United States. I do not understand, the provisions of this bill as it is written, that a foreign-built brought under American registry can be employed in the coast-trade; that is, in the coastwise trade or between Porto Rico and the Hawaiian Islands.

EDMONDS. But right in that section right before that you say these foreign charters, chartered or constructed by the United States, can be used with the Hawaiian Islands and Porto Rico, and that you say, provided that they can go in the Atlantic, and Pacific coastwise trade. Certainly, you have excepted the coastwise trade Hawaii and Porto Rico. You have put them in a class by themselves—in the class of foreign trade—and excepted them for American-built ships in Atlantic, Gulf, and Pacific trade.

The CHAIRMAN. That is a question that we ought to consider very carefully.

Mr. HARDY. I don't think there is any trouble about it. It is clear that vessels chartered by this country may be used in trade every kind, in the foreign trade and with that of Alaska and that the Hawaiian Islands.

Mr. EDMONDS. These are the exceptions. But I want to get our understanding of the position of the matter while these gentlemen are here. We are taking them out of the coastwise trade and putting them in the foreign trade in this bill, Alaska, the Panama Canal Zone, the Philippine Islands, the Hawaiian Islands or the Islands of Porto Rico, Guam, and Tutuila.

Mr. HARDY. So far as these vessels are concerned, if the vessel is built here although it belongs to a foreign corporation, it can trade.

Mr. EDMONDS. But it can't trade with Atlantic, Pacific and Gulf coasts. I only wanted to bring that out for the sake of argument to the committee later on.

Mr. HARDY. I don't think there is any trouble about the interpretation of it.

Mr. EDMONDS. I just want to get the interpretation of the attorney and let it so we may know how we are coming on.

Mr. HARDY. Some suggestion has been made that under this bill you could charter a foreign built vessel. I think you can, but it would be limited to foreign trade.

Mr. EDMONDS. You could charter a foreign vessel under this bill?

Mr. HARDY. I think so.

Mr. EDMONDS. They say you can.

Secretary REDFIELD. I think on questions of law I shall have to ask Mr. Thurman, our solicitor, to answer. I am not competent to do so.

There are certain features put in the bill for definite purposes. Take the provision in section 5, which is intended to provide that vessels belonging to the United States for other service and idle may be utilized temporarily in the commerce of the United States. It has been a very galling fact to us to have lying at anchor, unused,

half a dozen, perhaps more or less, large vessels belonging to the Government when we have no legal power to use them. We could have utilized them to carry coal to Spain to a market which was otherwise closed. That is the purpose of section 5.

Mr. ROWE. Have you any idea how many vessels?

Secretary REDFIELD. I think 6 transports.

The CHAIRMAN. And we have those vessels belonging to the United States and are not permitted to use them?

Secretary REDFIELD. You will recall, Judge Hardy, that we sent a collier to Europe to take goods from the Mediterranean, to San Francisco exposition, and another collier to take goods back from the exposition. We have no power whatever to do that for our commerce. These vessels are at times idle. Dr. Pratt just hands me now a communication from our consul in the Canary Islands, advising of the arrival there of the Chilean transport with a full cargo from Chile to the Islands. Chile is ahead of us.

The CHAIRMAN. We might tramp on some one's toes if we used our own things for our own good.

Secretary REDFIELD. These vessels are vessels that would be admitted in the coastwise trade.

Mr. EDMONDS. Couldn't we have the use of those vessels by a resolution?

Secretary REDFIELD. You could.

The CHAIRMAN. Have we American-built vessels that are not allowed to carry freight?

Secretary REDFIELD. Yes; we have magnificent colliers, and they are vessels that we can not use in commerce at all. We have no legal power to do so.

Mr. BYRNES. Congress could authorize the Secretary of the Navy?

Secretary REDFIELD. Or the President. The President should be authorized with the Secretary of the Navy, or the Army.

Mr. EDMONDS. A little legal question there, on line 19, section 5, "The President is hereby authorized to charter, lease, or sell" such vessels. Would that authorize the board to sell such vessels?

Secretary REDFIELD. I think those two vessels of the Panama Railroad Co.

Mr. EDMONDS. No; everything in the paragraph, as I understand it. I don't think the Navy Department would want to let you have many ships.

Mr. THURMAN. They can always be taken back. The President is authorized by the bill to take them back at a fair valuation.

Mr. ROWE. Just like the English.

Mr. HARDY. It is not right to suppose that the different branches of the administration will not work together.

Secretary REDFIELD. I remember that word "sell" caused a little discussion, but it seemed necessary that the board should have broad powers and not be tied up.

Mr. HARDY. And the Secretary of the Navy is on the board?

Secretary REDFIELD. Yes.

Mr. HARDY. He would hardly sell his ships against his own interests.

Mr. THURMAN. There is an amendment going in which is not in this printed bill. It provides that the proceeds from the sale of all ships, instead of being covered into the Treasury, shall go back to the

board to be used for the purposes of the act. In other words, if a vessel is sold the money can be used to replace it.

Mr. CURRY. That is the British system.

The CHAIRMAN. Yes.

Secretary REDFIELD. There is a question at this point which I would like to call attention to. I am not perfectly certain that section 5 provides clearly that the vessels of the Panama Railroad Co., if used by the board, should be under the control of the board. There ought to be no question of divided control, as to whether the War Department or the shipping board should control rates and things of that kind, and if there is any doubt in your judgment, in the judgment of the committee, it ought to be cleared up. They should be under the control of one or the other.

The CHAIRMAN. Line 15 says that they are to be transferred to the board.

Secretary REDFIELD. Yes; the vessels are. But the right of making rates. I suggest the thought, that is all.

Mr. EDMONDS. Panama to be subjected to the rate, I suppose, the same as anybody else?

Secretary REDFIELD. I suppose so. I just want it to be clear in your minds.

The CHAIRMAN. I haven't gotten the thought yet.

Secretary REDFIELD. I thought there should be no question arising in case the vessels of the Panama Railroad were taken over for any purpose, any question of doubtful or double jurisdiction between the War Department, and the shipping board, as regards the management and control and fixing of rates, etc., on those freight vessels.

The CHAIRMAN. It seems to me that it is quite clear that when they are taken over by the shipping board that they are in control of that board for all purposes.

Secretary REDFIELD. That is what I want to be exact about.

The final clause on page 9 of section 6 requiring the consent of the board to sell or transfer to foreign registry, arose from the fact that foreign buyers are buying American-built ships now on the stocks and incomplete. Several such have recently been purchased.

Mr. HARDY. You mean putting them under foreign flags?

Secretary REDFIELD. Yes.

Mr. ROWE. You mean those two in California?

Secretary REDFIELD. No; three on the Atlantic coast. These were ships contracted for by Americans, intended for American use.

Mr. HARDY. Incidentally, have any of these Governments got any laws regarding ships built in America being registered under their flags?

Mr. ROWE. England has not.

Secretary REDFIELD. That is what is happening. Now every other important maritime country has laws forbidding the transfer of ships from its flag without its authority.

Mr. ROWE. Is that so in time of peace?

Secretary REDFIELD. That is so now.

Mr. HARDY. They just reverse our process. We forbid them coming to our country except in a limited way?

Secretary REDFIELD. Yes.

Mr. CURRY. Mr. Secretary, isn't it true that recently Great Britain, France, Germany, Austria-Hungary, Sweden, Norway, and Brazil

had absolutely prohibited the transfer of any of their shipping to a foreign flag?

Secretary REDFIELD. I think that is correct.

Mr. EDMONDS. Was that recently?

Mr. CURRY. It is a war measure.

Mr. EDMONDS. A temporary war measure?

Mr. CURRY. A permanent proposition.

Mr. ROWE. Wouldn't it tend to stop the building of ships in American yards if a man was limited to sell to Americans?

Mr. CURRY. What is the use of building up our shipping if we are to sell to foreigners?

Mr. EDMONDS. We have in Wilmington to-day three ships building for the British-American Oil Co. Under this law they would not be able to sell them?

Secretary REDFIELD. Let me think a moment.

Mr. THURMAN. They are not registered as American vessels?

Mr. ROWE. But they are building in our yards.

The CHAIRMAN. I don't think that bill covers that case.

Mr. EDMONDS. How would they go out of our ports?

Secretary REDFIELD. As English ships.

Mr. EDMONDS. Would they get an English registry here?

Secretary REDFIELD. Yes; through the English consul. I don't know what the detail of the procedure is.

Mr. CHAMBERLAIN. They get a temporary registry until they go back to England.

Mr. EDMONDS. There would be no trouble at all.

Mr. CHAMBERLAIN. No, none whatever.

The CHAIRMAN. They can have as many ships built as they please.

Mr. CURRY. I want to show that there is no chance under this law or any other for the United States to lease or buy foreign ships.

Mr. EDMONDS. This is a bill for the future.

Secretary REDFIELD. As far as those nations are concerned.

Mr. EDMONDS. I want to ask another question on that feature. Does this affect any of our treaty rights in any way?

Secretary REDFIELD. I think not.

Section 8 is the provision providing that the board may form a corporation or corporations for the purpose of carrying out the provisions of this act if it shall be necessary to do so. You will observe Mr. Chairman, that this must be interpreted in the light of the declared purposes of the measure in section 3, that essential purpose being that the board is formed "with a view to chartering, leasing, or selling such vessels to any corporation, firm, or individual, a citizen or citizens of the United States." It is necessary to carry out the purpose of this. In other words, as I understand it, we have the purposes for which the board is formed. If the purposes can not be carried out otherwise, if it is necessary, then the board may form a corporation or corporations for the purpose herein described.

The CHAIRMAN. That is, that some individual, firm, or corporation would say, "We will lease these ships, or we will charter these ships, or buy these ships, but on our own terms. We will take them and we will enter them in trade to meet the demands of American commerce." Now, if you omit section 8, it would simply place it in their power to dictate their terms to the board.

Secretary REDFIELD. Absolutely.

The CHAIRMAN. And this section 8 simply reserves to the Government, to the board, the power to enforce reasonable terms on which these ships may be operated.

Secretary REDFIELD. Yes. And you will observe it is further safeguarded in the authorization in the final words that they may at any time part with the stock of the corporation thus owned.

There are sections of the world, Mr. Chairman, in which it is very important that American commerce should go, but to which it may not for a time be possible that a private individual, firm, or corporation should be able to carry it. Now, the alternative without this clause would simply be that it would not go, and we do not feel—I do not feel—that we should in substance put an estoppel upon its going by refusing to give the board the power in such an emergency to make it possible for it to go. That is the whole story, to my mind. This bill carries, as its avowed purpose, the assisting of firms and corporations in the development of American commerce. That is what it is for. Now, if they can not, as in the case just suggested, if they can not, then this power is held in reserve. It is merely the expression of a power which always exists, and it is expressly provided that it may sell stock of such corporations that are so formed at any time, and this should be taken in the light of a statement made formally by the President to Congress, that any procedure of this kind would be of temporary character; that anything else would be a false interpretation.

Mr. BYRNES. What objection have you to including that statement or something to that effect in the bill?

Secretary REDFIELD. None, so far as I am concerned, if it can be so done as not to involve a limitation which might be very unfortunate at some unforeseen time and some unforeseen occasion.

Mr. BYRNES. As to the operation and limitation upon the operation.

Secretary REDFIELD. Yes; in length of time.

Mr. BYRNES. What would be the objection to the limitation of five years, say at the close of this present war? What is your objection?

Secretary REDFIELD. My only thought would be this: I hesitate to put a limitation under circumstances of which we can not now know. Putting a limitation on the unknown is a thing which as a matter of practice I hesitate to do. Here is a body acting in the open. That, to my mind, is the greatest of all limitations. It is an open book, an open forum, and it can only act with the approval of the Executive. It has another limitation. It must act responsibly in the matter; it comes again in the presence of Congress, which in a few months at the most can discuss the whole matter and remove the conditions. It can not escape these threefold checks.

Mr. BYRNES. Yes. The checks are ample if the object was to establish a permanent corporation; but if it is to be of a temporary character, and that is the idea, what is the objection to making it certain that it is temporary by putting some limitation?

Secretary REDFIELD. I can only say that I should be afraid of some unknown difficulty arising under it.

Mr. HARDY. Among the unknown difficulties might it not be an unreasonable result that if the life of this corporation was known and it was sought to sell these vessels, interested parties might take advantage of that limit and force them to sell?

Secretary REDFIELD. Yes.

Mr. BYRNES. Suppose we did this, limit the corporation but do not limit the time in which the equipment can be sold?

Mr. HARDY. Then you would have to sell for nothing to keep our vessels out.

Mr. BYRNES. Wouldn't it be based upon the idea that when you sold in the open market you could get a better price?

Mr. HARDY. You might have a falling market.

Secretary REDFIELD. You see, this is a corporate operation, not a Government operation. The board is not authorized to operate. It is a corporation which the private interests are supposed to operate if need be. Frankly, I am afraid of the limitation. If you could get assurance that there never should be such causes, that there never should be any emergencies arising, that capital would always be forthcoming—if that could be assured in anyway—then, of course, there would be no necessity.

But there are cases, unquestionably, where, either temporarily or perhaps in some places permanently, private capital could not of itself alone always do the work.

Mr. BYRNES. The object is to make it permanent?

Secretary REDFIELD. I do not mean it to be understood in that way. I mean that there might be a port, for example, a single port, to which private capital could hardly afford to run a line of vessels. But while that might always be so, it might become possible to link that up with other ports so that a line could run for such a time as was necessary to get the thing moving, and this would give an opportunity of getting it going, and then it could be turned over to the private interests which are most competent to handle it. I think you have got to interpret this in the light of the intention, the expressed purpose of section 3, "with a view to chartering, leasing, or selling such vessels to any corporation, firm, or individual, a citizen or citizens of the United States, desiring to use them in the transportation of the commerce of the United States."

Take the port of Vigo, Spain. It might well happen that a fruit line could not undertake to go to Vigo, Spain. There is not enough of it. But from developments now progressing it is highly important to have vessels going there. In due time private interests will come along that can not go to Vigo but will go to Barcelona and Cadiz, and will take over that Vigo vessel. That is my idea.

Mr. BYRNES. Suppose such a declared purpose was included in the bill some way, would it not be quite reassuring to private lines.

Secretary REDFIELD. That is a question, I think, of the committee's judgment—

Mr. BYRNES (continuing). Not to be used in competition on the line, but to develop a line between two ports such as you have mentioned.

Secretary REDFIELD. Isn't that the statement of section 3?

Mr. BYRNES. Perhaps it is.

Secretary REDFIELD [reading]. "And military purposes, with a view."

The CHAIRMAN. As I understand you, Mr. Secretary, you do not want to fix a time limit because to do so you might destroy the very efficacy of the act, and defeat the purposes we have in view, of giving to American commerce ample facilities and provide trade routes

where private vessel owners would not be willing to enter for the time being. We might say two years, and while we are in the very midst of the development of that trade, the time limit comes, and the effort is lost.

Mr. BYRNES. In other words, it might not be a definite time before the line would be taken up by the individual owner?

Secretary REDFIELD. Quite so.

Mr. BURKE. Mr. Secretary, in your opinion, would the including of a time limit in this bill when this shipping board would go out of existence, have a tendency to retard the development of commerce in the lines in which you put these ships.

Secretary REDFIELD. I think so. I would not subscribe any stock in a corporation which had to expire at a fixed time.

Mr. BURKE. Isn't it also true that there might be instances where customers in foreign countries might refuse to patronize these lines because they were only temporary lines going out of existence in three years or five years, whatever the limitation might be? It strikes me it might have a tendency to retard the development of commerce along those lines.

Mr. EDMONDS. My opinion would be that you should pass a bill without a time limit in it.

Secretary REDFIELD. You see to establish—take the case of Vigo again—to establish a line to Vigo means the investment of a large sum of money for buildings, docks, etc. Now if the thing is subject to a certainty, and at the end of five years some private interest is not ready but it has got to stop anyway, I doubt if any one would build the docks.

Mr. BYRNES. The idea is that you want to carry to the people of Vigo the assurance that it is not to be temporary?

Secretary REDFIELD. So far as the line is concerned.

Mr. BYRNES. Carry with it the assurance that Congress may do with it as it pleases later on.

Mr. HARDY. And that the line will be established as promised.

Mr. BYRNES. That the Government will maintain it until private capital comes in.

Mr. CURRY. Do you feel sure that private capital will invest in this corporation under the provisions of the bill?

Secretary REDFIELD. No. You put a very strong question to me. I can not be sure of that.

Mr. CURRY. Then it looks very much as if it was the enactment of a permanent law for permanent Government ownership?

Secretary REDFIELD. No; not at all. It is expressly provided that at any time it may sell.

Mr. HARDY. That is, assuming that we want to.

Secretary REDFIELD. Yes, of course. Here is a company doing a certain line of business, and they have developed a good business in their line and have a large trade. At the end of a few years the business has become highly profitable. It has become highly profitable while we maintained a boat line. Then we had to sell out and the business is lost.

Mr. CURRY. If it is good for 5 or 10 years it might be good for perpetuity.

Secretary REDFIELD. But you can not escape. It all has the supervision of Congress.

Mr. EDMONDS. If I can ask you a legal question again, exactly what liability the Government would have in these chartered vessels in case of accident.

Mr. THURMAN. It would depend entirely upon the agreement that you made with the charter, that you might make with the vessel from whom you lease.

Mr. EDMONDS. When you lease a vessel, who supplies the crew? Would you be liable for any damages occasioned by that vessel?

Mr. THURMAN. I assume so. This chartering does not carry with it the necessity of taking the old form of charter. We do not have to take the crew with it.

Mr. EDMONDS. Isn't there any navigation law with regard to chartering a vessel?

Mr. THURMAN. I do not think there is.

Mr. CHAMBERLAIN. No.

Mr. EDMONDS. Then it would depend entirely on the character of the contract which was made?

Mr. CHAMBERLAIN. We do not assume any liability that comes along. That is true.

Secretary REDFIELD. The provisions as to preferential rates, page 11 at the bottom. The board has the power to do that as a means of overcoming such preferential rates on the part of our competitors against us. This is how it operates. A manufacturer in Germany desiring to compete with an English manufacturer in South America on application received at 45 per cent reduction in freight rates through. That is the habitual practice, and has been used as a very potent means in the hands of our foreign competitors against American business, and this is meant to give to this board power in the event that such rates shall be necessary to protect foreign commerce of the United States, or to give authority to make such preferential rates.

Mr. EDMONDS. This would also give the board the privilege of making a minimum rate in case they wanted to fill out a cargo with some freight that was going to be carried from port. I notice you follow Mr. Raker very closely in this bill.

Mr. THURMAN. The book was written after the bill.

Secretary REDFIELD. The form of preferential rates is a regular practice with the German Government. Two German steamship lines, the German East Africa, and the German Levant lines, are granted largely reduced rates on goods on through bills of lading for Africa or the Levant. The system was introduced, the former in 1890 and the other in 1895. It is a very common thing in American export trade to run against preferential rates granted by the Government-owned roads in Germany.

Mr. KINCHELOE. Is there any other country which has a law like or similar to this?

Secretary REDFIELD. In this respect?

Mr. KINCHELOE. In the encouragement of the merchant marine.

Secretary REDFIELD. I know of nothing that is like it.

Mr. LOWE. England has a board which has very extensive power over their ships.

Mr. KINCHELOE. Is there any other country? Is there any other country in the world which has a law similar to this?

Mr. CHAMBERLAIN. I don't know of any.

Mr. KINCHELOE. Is there any country in the world that has absolutely Government-owned vessels?

Mr. CHAMBERLAIN. Yes; there are a number that have Government-owned vessels.

Mr. CURRY. Brazil?

Mr. CHAMBERLAIN. Brazil is an example which is suggested. Brazil had heavy subsidies and the line got so embarrassed the Government had to take it over.

Mr. KINCHELOE. All her vessels?

Mr. CHAMBERLAIN. I mean only the Lloyd-Brazilian line. Then, the Roumanian Government, in connection with its railways, has its own steamships, with two branches, one that runs up—or did before the war—runs up to Dutch ports and to Antwerp, and another that runs in the Black Sea, to Constantinople principally, and the Mediterranean. Then, the Government of South Australia had a small fleet. I think there were only two, possibly three, small steamers operated as a Government venture.

The CHAIRMAN. Does the Russian Government have any?

Mr. CHAMBERLAIN. No; the Russian volunteer fleet is not a Government institution, although the relations are very close. It was organized when there was a possibility of war between England and Russia and a number of wealthy Russians raised the money to buy a fleet of vessels, and that has been continued ever since, but it is really a private company, just as any other steamship company, but it receives very liberal subsidies from the Russian Government. The Government pays the tolls on these ships when they go through the Suez Canal.

Mr. KINCHELOE. What has been the present increase on freight rates from this country to England, Germany, and Holland since this war began?

Mr. CHAMBERLAIN. I do not know. I think this committee had the figures last year.

The CHAIRMAN. I am having Dr. Pratt, who is Director of the Bureau of Foreign and Domestic Commerce, collect that data. (See page 772.)

Mr. KINCHELOE. Much obliged.

Mr. HARDY. Along the line just stated by the Secretary, I should like to ask him if it be a fact that Germany has given on her Government-owned railroads special rates to goods brought in German ships. Isn't that a close shave to a violation of the treaty between Germany and the United States insuring equal treatment?

Secretary REDFIELD. You have got the wrong man to answer that. I am not a lawyer.

Mr. HARDY. You have a great deal of power of analysis. A concession is made here which amounts to a remission of tonnage dues, to the grant of special rates, and it seems very clearly a discrimination.

Secretary REDFIELD. There is no question of the German habit of giving preferential rates on their railways. I had never considered the question of its being a violation of the most favored-nation clause of the treaty.

Mr. HARDY. It is certainly, I think we will all agree, a discrimination.

Secretary REDFIELD. But the case that I spoke of, a 45 per cent reduction of freight rates, was all done within a day. There was no

question of a hearing. It was regular routine. That happened to be the German branch of an American concern.

I find that Russia makes a loan to the volunteer fleet free of interest for the acquisition of six new steamers. That is their form of caring for them. The Roumanian Government maintains not only two lines of steamers but also a line of river steamers on the Danube owned and operated by the Roumanian Government.

Mr. ROWE. England has loaned 2½ per cent.

Secretary REDFIELD. Yes. I should not see any particular occasion for the German Government to give a freight subsidy or any government paying a subsidy.

Mr. HARDY. But the English Government does not pay any subsidy to freight lines.

Mr. EDMONDS. That is why the Germans have built up their trade and the English haven't.

Mr. HARDY. Yes.

Secretary REDFIELD. There is one important provision on behalf of American commerce in this section which I have had personal experience with, and that is the provision in line 17, authorizing shipments for specific sailings. There is one of those little things that plays havoc with American business at times. A factory shipping from the interior, let us say, for example, taking a shipment of mining machinery from a concern in Denver for South America. It is the condition now that they can not ship to catch a certain vessel. Railroad companies are forbidden to receive goods to catch a certain vessel. The reason of that is because if they do so they may be held in an action at law if they fail to do so, and the Interstate Commerce Commission thought that was a form of rebate and forbids the whole thing. That is important. It is frequently the case that there is a ship only once a month, and if the goods do not arrive they are held up three or four weeks. There is serious damage, and if the goods are perishable they are sometimes destroyed. It is one of the mean little obstacles in the way of the ordinary flow of trade, which ought to be as free from those things as possible. This was put in to remove that handicap. It frequently amounts to this, that if you can not ship perishable goods with a certainty that they will catch a steamer, you would not try to get the business. That is why this was put in here.

Mr. HARDY. Does the Interstate Commerce Commission hold that they can not make provision that it must reach its destination at a certain date.

Secretary REDFIELD. I can not say. They will not allow them to ship for a certain sailing. You want to get a bill of lading to be forwarded by a certain steamer. You can not advise your correspondent in South America that the goods will be there on a certain sailing.

Mr. HARDY. As I understand it, if the company is willing to undertake the shipment, and it is an honest contract, there ought to be no objection to it?

Secretary REDFIELD. None whatever.

There is under section 10 the license fee, the fact about which Mr. Douglas spoke this morning, and in view of the very arbitrary treatment of shippers in our ports by steamship lines of all countries, I think it is high time, if we admit them, as we always will, to the great

benefits to be derived from our commerce, that we should establish the condition under which they shall be so entered.

The CHAIRMAN. If we deepen our harbors and extend our docks, we ought to have some contribution.

Secretary REDFIELD. And Mr. Thurman tells me that this is constitutional. I want you to think of the condition a man would be in who has a large supply of lumber. He goes to them and they say they do not care to ship it. They had a contract to do it, but they don't care to keep it. It was better to break the contract than to carry the goods. There have been many cases of that kind where goods have been delivered to the seaport and the steamship company says they won't take them.

They exercised the right (which would put any railroad man in jeopardy) to say not only the rate they shall take them at, but whether they shall take them at all or not. That, it seems to me, is an intolerable condition, and we ought, as the Chairman says, if we admit them at large expense to ports which we prepare and light and chart and maintain at large Government expense, to have something to say about the terms on which they shall use these ports. There ought to be some guarantee of equitable treatment to all Americans alike.

Mr. BYRNES. Do you think they ought to be restricted by agreement to certain rates?

Secretary REDFIELD. Oh, no; I did not say that.

Mr. BYRNES. I was wondering about it.

Mr. THURMAN. I can not recall the exact book or page, but the general proposition is that the Government has control over the commerce in the ports of the United States.

Mr. HARDY. Is it not absolutely essential that both foreign and domestic trade shall be subjected to the same rules and regulations?

Secretary REDFIELD. Undoubtedly.

Mr. HARDY. Otherwise there would be a discrimination in favor of foreign vessels?

The CHAIRMAN. I think it is, however, wholly impracticable for this board, if created, to make specific rates and require them to be filed with the board.

Mr. ROWE. Mr. Redfield, what other countries have license?

Secretary REDFIELD. Great Britain—just established.

Mr. ROWE. That is just recently. Has Germany?

Secretary REDFIELD. I do not know. Perhaps Mr. Chamberlain does.

Mr. CHAMBERLAIN. They have particular license for a particular line of trade between foreign ports.

Mr. EDMONDS. Every vessel or every firm? Does the board require a firm to license or a vessel to have a license?

Secretary REDFIELD. It says "firm, or corporation, or individuals."

Mr. EDMONDS. What would you do with respect to a tramp ship?

Secretary REDFIELD. That is a question that came up this morning, and that I suppose would have to come under a regulation in the form of what might be called a "temporary permit." I think that is a matter of administration.

Mr. EDMONDS. Have you an idea of charging for this license?

Mr. THURMAN. I think it would be up to the board, which would make rules and regulations.

Secretary REDFIELD. Here is the situation as it stands to-day, Mr. Edmonds.

Take the product of the Southwark Foundry & Machine Works, or the Sugar Refining Co., on the Philadelphia water front, say, to the Baldwin Locomotive Works, "No; we do not care to carry your stuff." That sort of thing has happened. It actually happened that the Baldwin Locomotive Works was refused transportation and had to go out and get its own ship in order to get its goods delivered to South America. They are arbitrary about it. A man shipped a lot of goods from central Pennsylvania down to Baltimore, and they told him they did not want to take it, and left it on the dock, and he had it all sent back.

Mr. EDMONDS. We have some woolen goods manufactured in Philadelphia and can not get it out. The Scandinavian Line will not take them.

Secretary REDFIELD. That is what this license is for, to give us some control over the situation.

There are in the United States Navy at the present time 24 fuel ships, with a combined cargo capacity for carrying over 132,000 tons of coal and 38,000 tons of fuel oil. I am advised that half of this fleet could be spared at this time, as, owing to a deficiency in the appropriation for their maintenance, it will very soon be necessary to tie them up. There have been times this year, Mr. Chairman, when, if we could have had three of those ships to carry coal to Spain, we could have had business which did not exist.

Mr. EDMONDS. Does this condition still exist?

Secretary REDFIELD. Yes.

Mr. EDMONDS. I do not see why we could not put a resolution through transferring those vessels to the Department of Commerce.

Mr. PRICE. Is it your construction that barges or schooners plying between States will have to take out a license?

Secretary REDFIELD. Yes, I think so. Coastwise vessels, you mean?

Mr. PRICE. Yes.

Secretary REDFIELD. Yes.

Mr. ROWE. If you put a license on foreign ships you realize they will compel us to do the same thing on American ships to foreign ports very shortly?

Secretary REDFIELD. Very likely.

Mr. ROWE. Will it not be a great deal of embarrassment to shippers, and give them a good deal of trouble?

Secretary REDFIELD. They want our business. Our commerce is the great prize of the ocean.

Mr. ROWE. But it works both ways; they have the ships.

Secretary REDFIELD. You have got to depend on the board to exercise ordinary sense. It is up to them. If they got arbitrary and behaved badly, I take it Congress would remove the power.

Mr. HADLEY. What additional element of control has the Secretary concluded would be authorized over foreign owners under a license system? He spoke of that a moment ago.

Secretary REDFIELD. I can find it very hard to say in detail, but I can see what it would be aimed at. I can see the object to be accomplished, but it is a good deal to jump right in and say how

I would accomplish it. I think, however, we ought to stop by the license feature the arbitrary exercise on the part of any steamship company as to which American citizen they will oblige by taking his goods and which they will not oblige by refusing his goods, too. I should aim a license feature at that.

Mr. HARDY. In other words, you think if those vessels were required to have a license our administration might require them to treat all customers equally?

Secretary REDFIELD. Exactly.

Mr. HARDY. Or else revoke their license and destroy their privilege of doing business in our ports?

Secretary REDFIELD. I should object to an arbitrary clause in bills of lading in annual contracts which permitted a power not at war whenever for its own convenience it saw fit to withdraw its ships without notice. That is what happened to the man in Winona, with his flour. I do not think that ought to be permitted. If we give our great and profitable business, and if we give them the use of our ports, I think they should give reasonable notice.

The CHAIRMAN. If some line should use fighting ships to prevent competition, you would add that to the conditions, that they should discontinue that practice?

Secretary REDFIELD. Quite so, and it would give us the same condition of control, I am reminded, over these international conferences, these quiet gettings together.

The CHAIRMAN. It might include this provision that no foreign ships or general ships trading from American ports should practice or engage in the practice of deferred rebates?

Secretary REDFIELD. Yes; all that whole thing. It might prevent unfair discrimination between ports.

The CHAIRMAN. And between individuals?

Secretary REDFIELD. And between individuals, and between ports. You can easily see there is a broad field for a firm but entirely just and well-balanced regulation there.

Mr. HARDY. Would that be possible as a regulation, without a law to back it up? For instance, the prohibition against discrimination between ports?

Secretary REDFIELD. This is the law. They have power to prescribe the terms of those licenses.

Mr. HADLEY. Would not about the only element of final action that could be imposed by law be the forfeit of the license?

Secretary REDFIELD. Ah. But they could not be cleared without the license; that winds them up.

Mr. HADLEY. It cuts them out of business; that would be the ultimate language of the law?

Secretary REDFIELD. Yes; they could not be cleared.

Mr. EDMONDS. We have a lot of wool and yarn in Philadelphia that can not be shipped to Scandinavia because the Scandinavian-American Line will not take it. That is one of these cases you have spoken of?

Secretary REDFIELD. Yes.

Mr. EDMONDS. If we had an American ship and we loaded it on, what would happen to it?

Secretary REDFIELD. Now? I do not think it would have any difficulty; it would go right straight through.

Mr. EDMONDS. It would go right straight through?

Secretary REDFIELD. I think so.

Mr. EDMONDS. Has not England prevented the import of a large amount of material to Scandinavian countries?

Secretary REDFIELD. On the part of neutrals?

Mr. EDMONDS. On the part of neutrals.

Secretary REDFIELD. I think not; not noncontraband goods.

Mr. ROWE. They have an agreement with Norway that they are only to be used in their country, and that would be a limited amount.

Secretary REDFIELD. And the Scandinavian steamship lines have ceded to that agreement. It would be up to the American lines to say, No; we will not accede to your agreement. Why should we?

Mr. ROWE. They are not contraband?

Secretary REDFIELD. Under those circumstances our country could carry it straight through. I think there is no difficulty about it.

Mr. ROWE. I will tell you, Mr. Secretary, you spoke here about getting together and not having any politics, and I am agreed that ought not to be any politics, but I want to ask you a question: Can we accomplish in a round-about way exactly what we would accomplish as near as we can see if we gave a subsidy?

Secretary REDFIELD. I do not think the subsidy has been a howl for success.

Mr. EDMONDS. We are going to utilize a great deal of money, and probably going to utilize more money as time goes along, in paying the losses of these lines or the losses of ships in the operation thereof. If we were to subsidize a line of steamers at the present day, going to South America to ports that we wanted, could we not by close supervision of that line find out it was making profits, keep it on a reduced subsidy until we got the amount of money put up by the taxpayers to the minimum?

Secretary REDFIELD. That is not the result of experience, Mr. Edmonds. The Japanese lines are heavily subsidized, and they pay the dividends out of the subsidies and run at a loss. They are under the strictest kind of regulation. I hold in my hand Senate Document 152, which gives the details. They are under a degree of supervision that would frighten us, I am afraid. The passenger fares and freight charges are subject to the approval of the minister of state. He may specify the kinds of passengers and of cargo to which the charges are to be reduced. It goes into a minute detail of regulation.

Mr. EDMONDS. A subsidy of about \$1,300,000?

Secretary REDFIELD. A very large subsidy, and their dividends are paid out of it. They run at a loss.

Mr. EDMONDS. While I was in Japan, the newspapers there stated that the Toyo Kishan Kaisha Co. intended to go out of business, but when they heard the Pacific Mail Steamship Line went out of business they stayed in, so that they could charge us more for their stuffs and bring their own back cheaper.

Secretary REDFIELD. In 1906, 1908, 1909, 1910, 1911, and 1912 the dividends were paid out of the subsidies.

Mr. ROWE. If the Government had run it, they would have run it at a loss and paid their own losses?

Secretary REDFIELD. No; the Government is not concerned in the operations of the vessels under this bill. These vessels are run by individuals, firms, and corporations in private business.

Mr. ROWE. If the corporation loses money, it is organized, and it is United States money; have you not got to stand it?

Secretary REDFIELD. In the first place, that can not take place until after the whole object of the bill has failed, because nobody else can be found to do it.

Mr. ROWE. Mr. Secretary, suppose you can not lease your vessels, because they would rather run under the English flag or under the Norwegian flag, on account of labor conditions, and you can not lease your vessels, you have got to run them; you can pay a rate of interest?

Secretary REDFIELD. No; I do not see that you have.

Mr. ROWE. What are you going to do with them?

Secretary REDFIELD. I do not quite understand where they would come from in the first place.

Mr. ROWE. You are building vessels with the idea of leasing them?

Secretary REDFIELD. I do not know what I should do as a member of that board, but I am very much inclined to think that just as I would not build a factory without some reasonable expectation of having use for it, so I would not go ahead and charter ships unless some reasonable expectation of use existed. They have got to exercise ordinary business judgment as a board.

Mr. ROWE. Up to this time the preference has been to run under other flags of late years; up until the war began the tendency has been that way strongly?

Secretary REDFIELD. Yes. Other nations have developed their individual marines more. I do not think you can quite put it justly in that way. We have not had the money to invest in this country in merchant marine. We have been a nation that has been getting a large part of its money from other people. We built our railroads with foreign money, we have built our mills with foreign money, and constructed our public utilities with foreign money; we borrow foreign money for our cities. The St. Paul Railroad issued bonds in French. We had to borrow over five thousand millions abroad. When the war broke out we owed that amount of money abroad. We have had no money with which to go ahead. That situation has entirely altered. From a debtor nation we have become a credit nation in less than two years. We now have the money to invest and the record shows we are putting it by chunks into the merchant marine, and that we have 900,000 tons building at this minute.

Mr. ROWE. Well, then, why put any Government money in it?

Secretary REDFIELD. Because we need more, very much more.

Mr. ROWE. Not if there is plenty of private money?

Secretary REDFIELD. I ought to have said—I think I am perfectly safe in saying that we are about 400 ships short of what we should need to keep our present-sized Navy at sea in time of war, and we would have to use battleships as colliers to come back and get their own fuel.

Mr. HARDY. If this bill should become a law and the question of driving private individuals out of business comes up, and those private individuals desire to enter the business, does not this bill give your board the right to make any kind of reasonable inducement to them to enter it?

Secretary REDFIELD. The bill declares that the board is created for the purpose of helping individuals, firms, and corporations.

Mr. HARDY. And for the purpose of inducing individual enterprise to go into it?

Secretary REDFIELD. That is its excuse for existence.

Mr. HARDY. And if you can induce individual enterprise to go into it the Government proposes to stay out, as I understand it?

Secretary REDFIELD. Certainly. The law says it is with the view of doing this, if individual firms and corporations do not. It is as plain a declaration of purpose as can be made.

Mr. HARDY. And only in case you fail to induce individuals, firms, or corporations, then you organize your corporation?

Secretary REDFIELD. Of course.

The CHAIRMAN. If there is a trade that can be developed in the interest of American commerce?

Secretary REDFIELD. The illustration is there, that when it is necessary to carry out the purposes of the act—the purpose of the act is to build or purchase ships, with a view to leasing, chartering, or selling to private firms or corporations.

Mr. HARDY. As far as this law can, it intends to try to persuade private individuals to go, with certain advantageous terms, into the business?

Secretary REDFIELD. So it says.

Mr. HARDY. And if it can not, it will do it itself?

Secretary REDFIELD. So it says, it will do it itself just as plainly as it can be said, to organize with a view to providing this assistance to corporations, firms, or individuals.

Mr. HARDY. Then why has private enterprise been so upset?

Secretary REDFIELD. I do not believe it is, Judge Hardy. My own belief is that there is a very general and widespread approval of this measure without regard to party and without very serious regard to interest, and I think that Mr. Douglass showed that very plainly this morning.

Mr. HARDY. And there is a pretty fairly well disseminated misrepresentation of the purpose of the bill?

Secretary REDFIELD. I think there is a fairly disseminated attempt to make some portions of it misunderstood. I think that we have a parallel case in the seaman's act. You are not unfamiliar with the statement that the seaman's act operates to deter capital from entering into shipping, yet more vessels have been ordered constructed since the seaman's act went into effect than for several years prior to that time:

Mr. EDMONDS. It may be because of their misunderstanding of the bill is the reason they are in favor of it. I did not know whether you were trying to get at that or not. [Laughter.]

Mr. CURRY. You stated there were about 400 ships short for fuel carriers?

Secretary REDFIELD. Of all kinds.

Mr. CURRY. Have you taken into consideration the privately owned oil carriers of the Standard Oil Co. and Union Oil Co.; all of those?

Secretary REDFIELD. Oh, yes. I think I am not mistaken in stating they wanted 250 colliers alone, and they wanted as many as possible of the oil carriers and others.

I think, looking at it soberly, if we had to keep our fighting fleet at sea, we are about 400 ships short of what is necessary to keep them moving this minute.

The CHAIRMAN. It might be interesting to read the part of this clipping from the New York Herald, under date of February 6, entitled "Whence will come merchant marine? shipping men ask. Reported offer of Pacific Mail Co. to Government considered possible," and other matters of interest. One feature is this [reading]:

Not long ago in a speech at the Advertising Club Willard D. Straight, who was one of the organizers of the corporation, said that his purpose was to handle securities for contractors and others who desired to compete with foreign corporations in obtaining business abroad.

(The entire newspaper clipping here submitted by the chairman is as follows:)

[New York Herald, Feb. 6, 1916.]

WHENCE WILL COME MERCHANT MARINE? SHIPPING MEN ASK—REPORTED OFFER OF PACIFIC MAIL CO. TO GOVERNMENT CONSIDERED PROBABLE.

A report that the newly reorganized Pacific Mail Steamship Co., now under control of the American International Corporation, has offered to operate the ships which the Government will purchase if the \$50,000,000 appropriation for that purpose is passed by Congress aroused intense interest in shipping circles yesterday.

At the offices of the International Corporation and the Pacific Mail Co. confirmation of the report was refused, but shipping men generally believe that if no offer has been made directly to the Government in connection with this matter one will be made just as soon as the legislation is passed. It is admitted that the Pacific Mail Co. may not itself make the offer nor even have it under consideration. However, the statement was made that one of the avowed purposes of the American International Corporation is to float the bonds of individuals and concerns whose purpose is to promote foreign trade.

Not long ago in a speech at the Advertising Club Willard D. Straight, who was one of the organizers of the corporation, said that its purpose was to handle securities for contractors and others who desired to compete with foreign corporations in obtaining business abroad. Recalling that statement, shipping men said yesterday that undoubtedly the corporation would back any reliable company of representative maritime men who might desire to operate the Government fleet. There is the utmost confidence in shipping circles that should the bill pass there will be no difficulty in getting a corporation to operate the vessels. As a matter of fact, it will be more difficult, it was said, for the Government to obtain the bottoms than it will be to operate them successfully after they have been obtained.

WHENCE WILL THEY COME?

Practically every shipbuilding yard in the country is running to full capacity day and night, it was said. Therefore shipping men are asking where the Government will obtain the ships. The proposed appropriation can not purchase more than 40 or 50 vessels of comparatively light tonnage, but even this number could not be built in a short period of time unless, it is said, the Government uses the Federal yards at Pensacola, Portsmouth, and New Orleans. These yards, it is said, have been practically idle for some time, but shipping men believe that if a large Navy program is adopted they will be occupied with building war ships of the smaller types.

It is possible that the corporation which agrees to operate the ships may also agree to build them if the present war drags on indefinitely. In the event the war stops soon, one prominent shipper said he believed that it would be possible to purchase that number of foreign bottoms at a reasonable price. He said:

Contrary to the general opinion, which seems to be that European nations, and especially those at war, are going to put all their merchant ships in operation to regain lost foreign trade, I would say that I believe they will have little or no use for a tremendous number of ships for several years after the war. Those nations do not want to sell bottoms now, first, because they have use for them in transporting war materials and, secondly, because they don't know just how trade conditions will be after the war. With the possible exception of Germany, who will need her foreign trade badly to recu-

perate from the effects of the war, I believe that all the belligerent nations will have enough for their labor to do in rebuilding their devastated countries and in supplying their own people with those necessities of life and the luxuries which they have been lacking for some time. I believe that there will be plenty of ships obtainable.

BELIEVES GERMANY WOULD SELL.

"Even Germany isn't going to jump into the front trenches of trade immediately after the war. Her system of foreign credits is completely upset. Her merchants who have dealt with foreign customers and extended to them long time credits are impoverished. They won't be able to do an extensive credit business on long time periods for years after the war. I believe that German bottoms will be obtainable in large numbers when the hostilities are over."

The majority of shipping men seem to think that the \$50,000,000 appropriation should be increased at least tenfold to do any material good in the effort to restore the American flag on the high seas. It was admitted, however, that the amount now stipulated would tend to stimulate American investments in shipping enterprises.

Another phase of the question which is of interest is just what trade routes the Government vessels must ply. One of them suggested was the trans-Pacific lane from which the principal American company recently withdrew. American ships could also be profitably used, it was said, in the trade between the Pacific coast and the Far East, Australia, and Vladivostok, Russia. Some of them should also be put in operation to the west coast of South America from Atlantic ports and to the east coast from Pacific ports by way of the canal.

Secretary REDFIELD. I think I can say from knowledge that there is no opposition on their part to this measure.

Mr. EDMONDS. Do you think, Mr. Secretary, that the trade regulations here will meet with the approval of the shipping people or will it deter them?

Secretary REDFIELD. No disapproval has been expressed.

Mr. EDMONDS. Have you heard any approval expressed?

Secretary REDFIELD. I can not say I have had any communication either way.

Mr. EDMONDS. I was just wondering whether it might have a deterring effect on the building of ships; whether we were trying to build up ships on the one hand and knocking them down on the other?

Secretary REDFIELD. Mr. Chairman, may I just call attention to one or two other small matters?

I hold in my hand a statement sent us by the surveyor of the Port of San Francisco, giving the complete crew and the steamer list of an English and an American steamer in the Australian trade, and the amounts are set side by side. The salary list of the English vessel is \$4,340 a month, and of the American vessel \$5,705 a month. When you come to reduce that to the unit of tons, the American vessel being a little bit larger, it works out that the salaries and wages list of the American ship is \$1.46 per net ton and the English ship \$1.79 per net ton; so that any statement that we made based purely upon the actual pay roll would be misleading, until you come to figure what it is you get for your pay roll.

(The letter and statement here submitted by Secretary Redfield are as follows:)

TREASURY DEPARTMENT,
UNITED STATES CUSTOMS SERVICE,
San Francisco, Cal., December 14, 1915.

Hon. WILLIAM C. REDFIELD,
Secretary of Commerce, Washington, D. C.

MY DEAR MR. SECRETARY: Herewith I am inclosing a crew list of the steamship *Sonoma*, owned by the Oceanic Steamship Co., and the steamship *Mouna*, owned by the Union Steamship Co., a foreign corporation. I am told by Mr. Samuels, man-

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of the Oceanic Steamship Co., that the Union Steamship Co. is in receipt of a subsidy of £20,000 a year from the New Zealand Government. In addition to that, it receives an unknown sum from the French Government for carrying the mails between Tahiti and this port and money from the Australian Government for carrying the mails from that Commonwealth.

I do not know whether this data will be of any value; but it is interesting to note that the wages of the crew of the American ship are very much higher than those paid by the Union Steamship Co., and that, despite this difference, the Oceanic Steamship finds it profitable to place on the run between here and Australia another steamer last 30 days.

AMERICAN.

Moana, gross, 6,279; net, 3,911; oil burner. Passenger capacity, 150, first class; 28, second class; 28, third class.

Captain, 1.....	\$250.00
First mate, 1.....	125.00
Second mate, 1.....	95.00
Third mate, 1.....	80.00
Fourth mate, 1.....	65.00
Chief engineer, 1.....	180.00
Assistant engineer, 1.....	125.00
Third assistant engineer, 1.....	100.00
Fourth assistant engineer, 1.....	90.00
Fifth assistant engineer, 1.....	85.00
Sixth engineer, 1.....	70.00
Seventh engineer, 1.....	60.00
Donkey man, 1.....	70.00
Purser, 1.....	125.00
Surgeon, 1.....	75.00
Wireless operators, 2, at \$25.....	50.00
Boatswain, 1.....	50.00
Boatmasters, 4, at \$45.....	180.00
Deck hands, 12, at \$40.....	480.00
Deck boy, 1.....	25.00
Steward, 3, at \$20.....	60.00
Chief steward, 1.....	100.00
Second steward, 1.....	60.00
Third cabin steward, 1.....	50.00
Steering steward, 1.....	35.00
Stewardess, 2, at \$25.....	50.00
Storekeeper, 1.....	50.00
Chief cook, 1.....	75.00
Second cook, 1.....	60.00
Third cook, 1.....	45.00
Fourth cook, 1.....	35.00
Baker, 1.....	75.00
First baker, 1.....	50.00
Butcher, 1.....	60.00
Second butcher, 1.....	35.00
Pantryman, 1.....	45.00
Second pantryman, 1.....	35.00
Third pantryman, 1.....	30.00
Fourth cabin pantryman, 1.....	35.00
Messman, 1.....	40.00
Second messman, 1.....	30.00
Third messman, 1.....	30.00
Fourth messman, 1.....	30.00
Deck watchman, 1.....	30.00
Age watchman, 1.....	30.00
Boys, 2, at \$30.....	60.00

ENGLISH.

Moana, gross, 3,914; net, 2,414; coal burner. Passenger capacity, 74, first class; 49, second class; 40, third class.

Captain, 1.....	\$180.00
First mate, 1.....	92.00
Second mate, 1.....	78.00
Third mate, 1.....	63.00
Chief engineer, 1.....	146.00
Second engineer.....	102.00
Third engineer, 1.....	87.00
Fourth engineer, 1.....	73.00
Fifth engineer, 1.....	58.00
Sixth engineer, 1.....	58.00
Seventh engineer, 1.....	58.00
Donkey man, 1.....	53.00
Purser, 1.....	68.00
Surgeon, 1.....	63.00
Wireless operators, 2, at 24 cents.....	48
Carpenter, 1.....	65.00
Boatswain, 1.....	44.00
Seamen, 10, at \$39.....	390.00
Seamen, 2, at \$29.....	58.00
Deck boy, 1.....	10.00
Chief steward, 1.....	68.00
Second steward, 1.....	37.00
Second cabin steward, 1.....	37.00
Steering steward, 1.....	32.00
Stewardess, 1.....	24.00
Stewardess, 1.....	20.00
Storekeeper, 1.....	27.00
Chief cook, 1.....	70.00
Second cook, 1.....	49.00
Third cook, 1.....	36.00
Fourth cook, 1.....	36.00
Ship's cook, 1.....	44.00
First baker, 1.....	53.00
Second baker, 1.....	37.00
Butcher, 1.....	39.00
Pantryman, 1.....	32.00
Scullery man, 4, at \$32.....	128.00
Pantryman, 1.....	32.00
Firemen's messman, 1.....	20.00

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AMERICAN—continued.		ENGLISH—continued.	
Barber, 1.....	\$0. 25	Barber, 1.....	
Linen man, 1.....	35. 00		
Porter, 1.....	35. 00		
Printer, 1.....	35. 00		
Water tenders, 3, at \$60.....	180. 00		
Water tenders, 3, at \$55.....	165. 00		
Oilers, 6, at \$45.....	270. 00	Oilers, 2, at \$49.....	\$98. 00
Storekeeper (Eng.), 1.....	45. 00	Storekeeper (Eng.), 1.....	49. 00
Firemen, 10, at \$55.....	550. 00	Firemen, 12, at \$49.....	588. 00
Cadets (Eng.), 3, at \$20.....	60. 00	Trimmers, 9, at \$39.....	351. 00
Silver man, 1.....	35. 00		
Waiters, 20, at \$30.....	600. 00	Waiters, 13, at \$27.....	351. 00
		Waiters, 14, at \$24.....	336. 00
Total, 118.....	5, 705. 25	Total, 105.....	4, 340. 48

Mr. CURRY. Mr. Secretary, there was some talk about the reasons for American money not having been invested in the merchant marine. Do you not think that the primary reason is that there are more profits and more inducements for American money in developing the undeveloped natural resources of the country than there was to be made by investing the same amount of money in the merchant marine in the past?

Secretary REDFIELD. That is true.

Mr. CURRY. Conditions have changed now?

Secretary REDFIELD. Undoubtedly that is true, Mr. Curry, and it is also true that we did not have enough money for developing our own internal resources; we had to borrow it from abroad.

Mr. CURRY. But there were more profits in developing the internal resources of the country?

Secretary REDFIELD. Yes.

Mr. CURRY. Than there was in putting the money in the merchant marine?

Secretary REDFIELD. Unquestionably, and that argument finds a sound support in American history. We were at the origin a maritime country, because maritime occupation in our early days was the most profitable occupation. Money could be made in the sea. As we became agricultural and became industrial, we passed through an evolution when money could be made in those projects. Now, the pendulum has swung again.

Mr. CURRY. Yes; but, Mr. Secretary, we used to charge 10 per cent more duty on imports that were brought in foreign bottoms than we charged on those brought in domestic bottoms.

Secretary REDFIELD. It was a preferential tariff for some time.

Mr. HARDY. In connection with having no money to invest in these foreign ships, is it not also a fact that what money we did have to invest in that way and what money we did invest that way we invested under the foreign flags?

Secretary REDFIELD. Yes.

Mr. HARDY. The American individuals and citizens did put money into it, but they put it under foreign flags?

Secretary REDFIELD. That is true to a large extent.

Mr. HARDY. And true to the extent of \$150,000,000 invested that way shows there was something else than the lack of money that caused them not to invest under our flag?

Secretary REDFIELD. I am not sure a certain amount of it was not foreign money.

Mr. HARDY. But American capital invested a vast amount of money in foreign shipping. So there is some other reason.

Mr. CURRY. Possibly that was the foreign subsidy.

Secretary REDFIELD. A great many reasons led to that one result.

Mr. HARDY. And there are ships which received absolutely no subsidy?

Secretary REDFIELD. That is true.

Mr. HARDY. Is not that very easy to understand, inasmuch as when an American wants to buy ships for the foreign trade he can get a British ship cheaper than an American ship?

Secretary REDFIELD. That was true for a great many years; it has ceased to be true now.

Mr. HARDY. I do not think it will be true under certain conditions.

Secretary REDFIELD. We have had to build ships as a jobbing operation, one ship at a time, and go to an English yard. We did not make that kind of a ship.

Mr. HARDY. When our commerce was flourishing on all the seas, it was a fact that we built ships not only for ourselves but for other nations, too, did we not?

Secretary REDFIELD. Yes.

Mr. HARDY. And we built the best ships for the money?

Secretary REDFIELD. We built a standardized ship.

Mr. HARDY. We at least built the best ships for the money, is my understanding.

Secretary REDFIELD. Yes; they were famous all over the world.

Mr. CURRY. Then we stopped the preferential duty and they commenced paying subsidies?

Secretary REDFIELD. Great Britain does not pay subsidies on freighters.

Mr. CURRY. They pay subsidies only on liners.

Mr. ROWE. Germany "works" us to get a subsidy.

Secretary REDFIELD. I would like to file with the stenographer a memorandum on the British control of merchant shipping, giving the British acts of the last few months, and to call attention to Senate Document 673, parts 1 and 2, last year, embodying the complaints of business men at that time and the rise in freight rates up to that period, and also to refer to page 137 of my own annual report, in which the cost of operation of the larger vessels in the Lighthouse Service is given in great detail, reduced to cost per mile run. I put that in there thinking I would draw fire from some private parties, and I have not drawn it so far.

(The statement of British control of merchant shipping, etc., here submitted by Secretary Redfield is as follows:)

DEPARTMENT OF COMMERCE,
BUREAU OF NAVIGATION,
Washington, February 9, 1916.

Memorandum for Secretary Redfield.

BRITISH CONTROL OF MERCHANT SHIPPING.

The following are the principal war measures by which the British Government has taken control over merchant shipping, as far as I know:

1. August 5, 1914. British act passed prohibiting British ships from carrying contraband between foreign ports (including neutral ports).
2. March 16, 1915. British act passed prohibiting transfer of any British ship or any share therein to foreigners.

3. April 13, 1915. Order in Council requisitioning all refrigerated space in British ships in trade with Australia, New Zealand, and later River Plate.

4. July 6, 1915. Made an offence to take intoxicating liquor into a dock or on a ship.

5. November 10, 1915. Order in Council prohibiting British ships from carrying cargo between foreign ports after December 1, 1915, unless licensed so to do by board of Trade.

6. November 10, 1915. Board of Trade authorized in emergencies to requisition merchant ships to carry foodstuffs and other necessary supplies to the United Kingdom. (This indirectly, of course, gives control over rates).

The measures above do not, of course, cover requisitions of ships directly for military and naval operations. Sir Norman Hill, Secretary of the Liverpool Steamship Owners' Association, and probably the best authority in England on the subject, reported to his association on October, 1915, that the Admiralty had taken up for Government service about 800, i. e. 20 per cent of the steamships belonging to the United Kingdom, which are of 1,000 net tons and upwards. Of these vessels about 250 are liners and 550 general cargo boats. Amongst the liners are vessels certified to carry as passengers and crews 125,000 persons. The Admiralty has in addition taken up nearly 300 trade steamships of less than 1,000 net tons and a very large number of tugs, yachts and trawlers. He estimated that as a net result, the war, by losses and by the requirements of the Admiralty, has diminished by about 25 per cent the number of British vessels available for the ocean over-sea trade. Through causes incidental to the war the number of seamen available for the ocean over-sea trade has also been reduced about 25 per cent.

E. T. CHAMBERLAIN,
Commissioner.

Secretary REDFIELD. I think that is everything. Mr. Chairman, unless you wish something more from me.

The CHAIRMAN. Are there any further questions desired to be asked the Secretary?

Mr. CURRY. I do not know whether the Secretary is in position to give the information or not, but there have been some claims made before this committee at the last session, and some few references at this time stating that the American merchant marine was under a handicap on account of the difference in tonnage. I do not think there is very much merit in that.

The CHAIRMAN. The Commissioner of Navigation will come before the committee and go over that matter with us.

Secretary REDFIELD. While they say that these ships have been transferred under the ship registry act, many of them are going back to the other flag, and while my good friend Dollar is quoted as an example of doing that, I think Mr. Chamberlain says that ship has not been transferred.

Mr. CHAMBERLAIN. One has been transferred.

Secretary REDFIELD. But no ship put under the American flag has ever been taken out from under it.

The CHAIRMAN. Right at that point, all his ships were under the English flag until the war in Europe commenced, and then he put them under the American flag.

Secretary REDFIELD. And he has kept them there, except one sold to Shanghai. It was a British ship and came under the American flag and was sold to Shanghai, and the new owner put her under the British flag.

The point I was going to make is that while these ships are under the American flag, these hundred and odd vessels, the officers of these ships show a most commendable desire to become American citizens; and out of 900 quite a few more than 500 are already American citizens, over a hundred more have taken out the first papers, so that substantially two-thirds of them either are citizens or are becoming such, which is not an exact suggestion that they are expecting

to be transferred back to a foreign flag in the near future. It is a little side light upon that situation.

The CHAIRMAN. It is to be hoped they will not do so, and that conditions will not compel them to do so.

Mr. EDMONDS. I met a Japanese captain who said he would like to be an American captain because he got pie every day.

STATEMENT OF CAPT. ELLSWORTH P. BERTHOLF, CAPTAIN COMMANDANT, UNITED STATES COAST GUARD, TREASURY DEPARTMENT.

The CHAIRMAN. Capt. Bertholf, state what your position is, that it may go into the record; I know myself.

Capt. BERTHOLF. Commandant of the Coast Guard, which includes the Revenue-Cutter Service.

The CHAIRMAN. And for how many years have you been such?

Capt. BERTHOLF. Five years now.

The CHAIRMAN. Capt. Bertholf, we want to call your attention to section 11 of the bill. Will you explain its provisions and what the practical effect will be, and what the cost will be if certain of these vessels are designated as part of the United States Naval Auxiliary Reserve?

Capt. BERTHOLF. I had a memorandum of that. I gave it to somebody this morning, and I have not a copy now, but I can get it for you.

The CHAIRMAN. I have a copy.

Capt. BERTHOLF. If I may have it, please.

(The memorandum referred to was handed to Capt. Bertholf.)

NAVAL RESERVE FEATURE OF THE SHIPPING BILL.

The monthly allowances proposed in section 11 of the bill seem to be fair and reasonable.

The annual cost on a basis of 500,000 gross tons would be about \$631,000 (approximately \$1.26 per gross ton per annum) divided among the units as follows:

8 ships of <i>Great Northern</i> type.....	\$118, 176
20 ships of <i>Havana</i> type.....	229, 440
25 ships of <i>Suwanee</i> type.....	115, 300
40 ships of <i>Atlantic</i> type.....	168, 480
	<hr/>
	631, 396

Great Northern, owned by the Portland & Seattle Railroad Co. and operating between San Francisco, Los Angeles, and Honolulu: Type, fast passenger and freight steamer; speed, 23 knots; gross tonnage, 8,225; built, 1915; cost, \$1,250,000.

Crew:	Per annum.
9 officers, at \$15 per month.....	\$1, 620
3 warrant officers, at \$12 per month.....	432
20 petty officers, at \$10 per month.....	2, 400
172 men, at \$5 per month.....	10, 320
	<hr/>
204	14, 772

Havana, owned by the New York & Cuba Mail Steamship Co. and operating between New York and Havana: Type, medium speed passenger and freight steamer; speed, 18 knots; gross tonnage, 6,391; built, 1907; cost, \$960,000.

Crew:	Per annum.
8 officers, at \$15 per month.....	\$1, 440
3 warrant officers, at \$12 per month.....	432
20 petty officers, at \$10 per month.....	2, 400
120 men, at \$5 per month.....	7, 200
	<hr/>
151	11, 472

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Suwanee, owned by the State Street Trust Co.: Type, slow passenger and freight steamer; speed, 13 knots; gross tonnage, 3,648; built, 1911; cost, \$550,000.

Crew:	Per annum.
5 officers, at \$15 per month.....	\$900
3 warrant officers, at \$12 per month.....	432
8 petty officers, at \$10 per month.....	960
52 men, at \$5 per month.....	3, 120

68 5, 412

Atlantic, owned by John S. Emery & Co. (Inc.): Type, bulk freight carrier; speed, 12 knots; gross tonnage, 5,330; built, 1914; cost, \$540,000.

Crew:	Per annum.
5 officers, at \$15 per month.....	\$900
3 warrant officers, at \$12 per month.....	432
8 petty officers, at \$10 per month.....	960
32 men, at \$5 per month.....	1, 920

48 4, 212

RÉSUMÉ.

	Number in crews.	Gross tonnage.	Cost for Naval reserve allowances per annum.
8 Great Northerns.....	1, 632	66, 040	\$118, 176
20 Havannas.....	3, 020	127, 820	229, 440
25 Suwanees.....	1, 700	91, 200	116, 300
40 Atlantics.....	1, 020	213, 200	106, 480
93 Total.....	8, 272	498, 260	\$511, 396
Approximations.....	8, 300	500, 000	\$511, 000

The object sought under that is sort of a corollary to the other provision whereby any of these vessels leased or sold by the board must be obligated to become available as auxiliaries in time of war. This section 11 acts, in a measure, to provide for the crews of those vessels and to encourage a naval reserve in the personnel, the idea being that the officers and men on these various board ships should, in consideration of a small monthly retainer, obligate themselves to enter the service of the Navy whenever required in time of war or other national emergency.

In estimating on the cost of this feature of the bill, we take as examples four types of ships now in existence.

First, the *Great Northern*, operating on the west coast. She is a fast passenger and freight steamer, making 23 knots. Presumably, as auxiliaries, they would need several of those ships—as we figured on eight of them.

Next, 20 ships of the *Havanna* type. She is a medium-speed passenger and freight steamer.

Next, 25 ships of the *Suwanee* type, this vessel being a slow passenger and freight steamer.

And next, 40 ships of the *Atlantic* type. She is a bulk freight carrier.

Taking a total of 93 ships of these four types, we figured what the total cost would be under section 11 of the bill, if all of the personnel of those ships were enrolled under the naval-reserve feature. This would give approximately 500,000 gross tons for naval auxiliaries, a personnel of 7,300 men, and would cost annually only \$631,000.

Of course, to have a larger reserve would simply be a question of multiples, but this is the maximum amount section 11 of the bill would cost, providing the crews of all of these ships would enroll. The enrollment is voluntary, and, of course, all persons to be enrolled must be American citizens.

Mr. EDMONDS. It does not say so in the act.

Capt. BERTHOLF. I thought it did—that is, provided that they shall be citizens of the United States in line 19.

Mr. EDMONDS. \$631,000?

Capt. BERTHOLF. \$631,000 would be the maximum cost under this section for 500,000 gross tons of shipping.

Mr. EDMONDS. Of course all the men on the ships would not be eligible?

Capt. BERTHOLF. Oh, no; and possibly all the men on the ships would not volunteer. So it would not cost us this much, although in estimating the cost we assumed a full crew for all these vessels.

Mr. EDMONDS. Is that money to come out of the \$50,000,000, Mr. Chairman?

The CHAIRMAN. Yes; it is well spent.

Mr. EDMONDS. It is well spent. I was wondering where it was to come from and who was to pay it.

Capt. BERTHOLF. The bill provides that later on all expenses are to be paid from the sum provided. Furthermore, all of these naval-reserve features must operate under rules and regulations prescribed by the Secretary of the Navy, but with the approval of the board, so that the military feature is not unduly emphasized. It must be made subordinate to the trade requirements.

Mr. EDMONDS. If the average pay of a man on an American ship was \$30, would it only be \$25 under this? If so, it would act just the same as the subsidy to a ship in reducing the wages of the ship; or would they still pay the full salary and take this as an aside?

Capt. BERTHOLF. I do not know just how that would work. In the English service the enlisted men of the reserve receive an annual retainer; the officers do not and are paid only when called for training or for actual service.

Mr. ROWE. In other words, if given that extra pay it would tend to secure a higher grade of men?

Capt. BERTHOLF. Naturally, and not only that, I think experience has taught there is something more besides the pay. These men will be very glad to enroll as reserves. It gives them a certain standing and steady income right along.

The CHAIRMAN. And provides that they must be American citizens?

Capt. BERTHOLF. That they must be American citizens.

The CHAIRMAN. Under existing law, the crew of the vessel, aside from the watch officers, are not required to be American citizens?

Mr. EDMONDS. I did not object; I was only trying to see what the effect would be. Here is the proposition: Take a ship with 50 men, 25 go into the Naval Reserve, say, getting \$30 a month as wages. Twenty-five of those get \$30 and 25 get \$30, together with the \$5 from the Naval Reserve. What would be the result of these men getting \$5 more than the other fellow? Would that be to reduce their wages to \$25 a month, because they are getting this?

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Capt. BERTHOLF. I could not say how it would act. In the case you speak of, 25 men belonging to the auxiliary reserve, and 25 not, and the rate for that ship being \$30 a month, it does not seem to me that the ship would be successful if they reduce the wages of those 25 men \$5. Those men would go to other ships where they would be allowed to keep this as extra, and if they were good men they would get it.

Mr. EDMONDS. It looks to me as if that would work out that way, because I do not think there would be any ship go under that rule where every man would be in the reserve.

Capt. BERTHOLF. No; because the tendency of the shipping people is to keep their crew if they can, and it is much more economical to do so.

Mr. CURRY. I have some information on the nativity of sailors in certain ports, that is, other than officers, if it is worth while putting into the record. The United States supervising inspector at San Francisco reports that up to January 28 of this year 2,064 sailors have qualified under the seaman's act; of that number the native born were 8 per cent, 168; the naturalized 17 per cent, 345; foreigners, 75 per cent, 1,551; the total of 2,064.

Of the nine largest ports in the United States, including San Francisco, New York, Philadelphia, and Baltimore, and others, I would like to submit the following:

[San Francisco Daily Commercial News, Feb. 9, 1916.]

The foreign trade department of the San Francisco Chamber of Commerce has procured from the United States local inspectors at the principal ports an official statement of the number of seamen who have received certificates since the seaman's law became effective.

Ports.	Total number passed.	Native-born Americans.	Per cent.	Naturalized Americans.	Per cent.	Allens.	Per cent.
Puget Sound.....	891	9	1	18	2	864	97
Portland.....	226	11	5	44	19	171	76
San Francisco.....	2,064	168	8	345	17	1,551	75
Galveston.....	288	29	10	20	7	239	83
New Orleans.....	293	15	5	10	3	268	92
Baltimore.....	752	513	72	17	2	192	26
New York.....	3,163	455	14	199	6	2,509	80
Boston.....	742	185	25	89	12	468	63
Philadelphia.....	699	161	23	25	4	513	73
Total.....	9,118	1,576	17	767	8	6,775	75

Capt. BERTHOLF. Of course, under this provision there would be an added incentive for a man to become a naturalized citizen. There is probably a considerable percentage of those men now entitled to be naturalized, but with no particular advantage in naturalization under existing law, they are either careless in the matter or they did not have the time to attend to it, going from port to port, and never remaining long in one port. This section 11 would be an inducement to men who wanted to be citizens to qualify.

The CHAIRMAN. We will now adjourn until to-morrow morning at 10.30.

(Thereupon, at 5.20 o'clock p. m. the committee adjourned to meet to-morrow, February 11, 1916, at 10.30 o'clock a. m.)

CREATING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE.

COMMITTEE ON MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Friday, February 11, 1916.

The committee met at 10.30 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. Gentlemen, we have present this morning Mr. A. B. Farquhar, who is one of the vice presidents of the United States Chamber of Commerce. He has other business this morning, and if there is no objection we will let him make such a statement as he cares to with reference to the bill, H. R. 10500, known as the shipping bill.

STATEMENT OF MR. A. B. FARQUHAR, YORK, PA., VICE-PRESIDENT CHAMBER OF COMMERCE OF THE UNITED STATES.

The CHAIRMAN. Mr. Farquhar, please state to the committee your business connections.

Mr. FARQUHAR. I have been in business 60 years the 7th of next April, and have been in the foreign trade for 50 years, shipping to export establishments in New York.

The CHAIRMAN. What class of goods?

Mr. FARQUHAR. Mainly machinery—steam engines, boilers, agricultural implements, and machinery of various kinds. I have an agricultural implement factory, and also a large machinery factory in York, Pa.

Of course, we had no difficulty in obtaining shipping at low rates until the war came on, and I took no very special interest in the question of mercantile marine, except that I felt it was very essential for the support of our Navy. Since then I have seen plainly that we are suffering very much in many ways by not having a mercantile marine of our own. You see, when you get a competitor to carry your goods and have no way of shipping them except through a competitor you are at a disadvantage. He will, of course, give his own people the preference in rates and he will give them preference in very many ways, especially when there is more shipping than there is room for. We are delayed both in loading and in delivery, and it is impossible, in our opinion, that we can successfully hold our export trade in competition with the world unless we have our own shipping.

So I have reluctantly come to the conclusion that it is essential that there should be a subsidy or subvention sufficient to pay the difference between the cost of running American ships and the cost of running foreign ships, unless, of course, all the restrictions are removed.

Now, I find in England, although the labor unions are stronger there than anywhere else in the world, that they interfere in no way with the shipping. They see it is to their advantage in the long run, because it gives them more work. I believe our labor unions would see the matter in the same way if the facts were pointed out to them, and that they would oppose all restrictions of any kind upon our having it.

Of course, with restrictions against shipping, it will be impossible to get capital in America to invest to any great extent in ships unless they are assured the Government will pay them enough to make the difference between the cost of American and foreign labor, and in the long run that would pay us richly. We would be hundreds of millions of dollars better off now if even five or six million dollars had been expended annually in the last 15 or 20 years in subventions or subsidies, and we would now have a large mercantile marine. And that mercantile marine, of course, if the Government subsidized it, should be available for the Navy in case of any trouble. Our Navy is of no use without it. We had difficulties enough in the Spanish War, when we had to buy old, worthless vessels at tremendous prices.

We have idle navy yards in New Orleans, Pensacola, and Portsmouth that could be occupied right now and started to work building ships. Of course, it would cost more than it would for private concerns to build them, but our individual yards are filled for at least two years to come. Those navy yards are of no use while they are idle, and it would be of great advantage to give them work, to have the men trained, and, as a business man, I think that in the long run it would pay the country richly.

But a mercantile marine now is absolutely essential if we are to carry on our export trade. We are paying from 200 to 300 per cent, and as high as 800 per cent, more than we paid four years ago for shipping goods. In very many cases we can not ship at all. The railroads are clogged up, so that we can not even get railroad transportation to the vessels. And as an exporter and a manufacturer for export I find it, in my judgment, absolutely essential that something should be done, and, although I do not approve of Government ownership—it costs far more for the Government to build ships and to run them and to manage them and, for that matter, to manage anything else, than it does individuals—yet in this emergency I cordially approve of the present bill, which I have read carefully. I think the country has lost very heavily by not passing the bill a year ago. I did not favor it then, but there is no question that at that time we could have bought ships from Italy, Norway, and elsewhere, and we would have had ships to the value of at least \$100,000,000 more than it was proposed to pay for them, and it would have saved that much more. That, however, is past; but even this bill as it stands will be a step, at any rate, and with a competent board appointed—and it would have to be an expert board, of course, on the plan of the Interstate Commerce Commission, which has been of vast benefit to shippers—there would be no trouble about any imposition. The board, I think, would see that nothing must be done to interfere with Americans building ships, because we need not \$50,000,000, but \$500,000,000 to build even a fair amount of ships to carry on our own trade. The English have

20,000,000 or 21,000,000,000 tons, and we have only about 750,000 tons, and yet we do a little over a quarter of the export trade of the world.

I do not think I have anything special to say, but I would be glad to answer any questions that I can answer.

Mr. CURRY. You said an expert board would be necessary. Have you noticed that this bill does not require any experts on the board?

Mr. FARQUHAR. Yes; I have noticed that. I think that is a mistake that the President would see the wisdom of correcting as he appoints the members. I see no special objection to having the Secretary of Commerce and the Secretary of the Navy on the board if the other three men were all experts who understood shipping and all that pertains to it. They would be in the majority but, of course, the Department of Commerce and the Navy Department would have a good deal to do with it. Men should be educated for the mercantile marine service on those vessels. The idea of having apprentices is a good one, I think.

Mr. CURRY. Do you think that the Secretaries in the Cabinet, with their other multitudinous duties, could pay sufficient attention to the details of this work?

Mr. FARQUHAR. I think it is of such paramount importance they would take the necessary time. I have found as a business man that I could always find time to do what it was necessary to do. The busier I was the more time I would find.

Mr. CURRY. But you have never tried to do something you did not know something about?

Mr. FARQUHAR. No; I have always taken great pains to study it. This bill I have taken pains to study from its very inception, and I have followed the proceedings of Congress for the last 30 years.

Mr. CURRY. You have said something about the disadvantages that the American merchant marine was under. Do you know what they are? If you do not, I do not want to ask the question.

Mr. FARQUHAR. I only know such as have come under my personal notice. The shipping companies give preference to the people of their own countries in shipping, and if there is a scarcity of shipping we do not get it; we have to await their convenience. Preference is given also by way of advertisement—the flag is an advertisement in the ports. I remember very well that in 1856, when I went in business, in my travels I would see our flag in pretty nearly every port, and we do not see it now at all. That would be a great advertisement to our business and our trade.

Mr. CURRY. Of course, the giving of that preference is natural. Is there anything in the American law that would prevent an American ship from giving preference to an American shipper?

Mr. FARQUHAR. No; there is nothing in the law at present, but I think that if we appointed a board whatever restrictions are made against American shipping would gradually be made against foreign shipping and they would all be put in the same class.

Mr. CURRY. At the time you speak about, when the American shipping was first or second in the shipping of the world, you remember that America allowed a differential of 10 per cent on goods carried in American bottoms?

Mr. FARQUHAR. Yes; from 5 to 10 per cent. I think the most of it was 5 per cent.

Mr. CURRY. Five per cent across the Atlantic and 10 per cent to the Pacific.

Mr. FARQUHAR. Yes; that is correct. Of course, we had the advantage when the ships were nearly all of wood. When steel was substituted for wood it gave the English an advantage over us, but now we make steel just as cheaply as they do.

Mr. CURRY. For the past 20 years the only difference in cost of construction between a British ship and an American ship, as far as material, not labor, is concerned, has been three-eighths of 1 per cent.

Mr. FARQUHAR. Yes; it amounted to very little. But it costs so much more to run American ships on account of the higher price of labor and various restrictions in our navigation laws.

Mr. CURRY. I think if you will look that up you will find that, ton for ton, it does not cost so much more as you imagine. Have you looked into that?

Mr. FARQUHAR. Oh, yes. The difference is not so great as people commonly think, but it takes but a very small difference to swing the trade one way or the other. I have been opposed to giving the American ships the preference in the way of tariff, but I have come to the conclusion it is so necessary that if we want a mercantile marine we should change that. I think the American ship should have 95 per cent advantage.

Mr. CURRY. Our treaties contain a provision requiring one year's notice from this country or the other country——

Mr. FARQUHAR. Yes; and notice has been given to most of the countries, so that they can be changed this summer.

Mr. CURRY. That notice has been given, so far as the seamen's law is concerned, but not so far as the 5 per cent is concerned in the Underwood bill.

Mr. FARQUHAR. No.

Mr. HARDY. Mr. Farquhar, you say that at this time when our merchant marine was so flourishing there was a differential of 5 per cent on the Atlantic and 10 per cent on the Pacific on goods carried in our own ships?

Mr. FARQUHAR. Yes.

Mr. HARDY. Do you remember back as far as 1828?

Mr. FARQUHAR. No. In 1828, of course, we commenced to do the vast majority of our shipping. By 1830 we did nine-tenths of all the shipping. But I do not remember back that far. The first thing I remember is the death of Gen. Harrison and the cannon fired over his grave, but I was too young then to give the shipping question any attention. [Laughter.]

Mr. HARDY. Do you know that there has been no differential or discriminating duty allowed to ships bearing our flag since 1828?

Mr. FARQUHAR. I thought that change was made in 1836?

Mr. HARDY. In 1828, under Andrew Jackson, the last vestige of a discriminating duty was done away with. Now, you have no recollection of a time when discriminating duties caused our ships to be on the seas?

Mr. FARQUHAR. Oh, I think that had a great deal to do with starting them on the seas in the first place, but not in keeping them there. I have no recollection of the time when a differential was allowed.

Mr. HARDY. So you are mistaken, I suppose, about the time when you say you saw our ships on the seas, when you say they were enjoying a 5 per cent differential or 10 per cent?

Mr. FARQUHAR. No; I do not think I said that. I think the mercantile marine was started and built up largely by that discrimination, by the disposition shown by Congress—

Mr. HARDY. Do you think, then, that if up to 1828 we had discriminating duties that would have carried us on to 1861?

Mr. FARQUHAR. I think so; yes. I do not think there would have been any falling off if we had had this discriminating duty, up to 1856, probably, when iron took the place of wood so largely in ships. There was a falling off then when England had the advantage in material.

Mr. HARDY. I confess there was a considerable diminution in the percentage of our trade along about 1856, England beginning to build better ships.

Mr. FARQUHAR. Yes; it commenced to fall off very much about that time.

Mr. HARDY. Did you ever look into the question to see whether the prosperity of the American merchant marine was not always co-existent with the fact that the American shipper had the best ship for the money?

Mr. FARQUHAR. Yes; those grand old clipper ships they used to run were the best on the ocean.

Mr. HARDY. And they were the best up to 1856?

Mr. FARQUHAR. Yes.

Mr. HARDY. And as long as we had the best and cheapest ships we won our way on the seas, didn't we?

Mr. FARQUHAR. Yes; that is true; but we must remember there was comparatively little difference in labor.

Mr. HARDY. Yes; and just as soon as our ships commenced to cost more than they cost in England they commenced to build better vessels and began to crawl up on us.

Mr. FARQUHAR. Yes.

Mr. HARDY. And when the war came on and we lost part of our shipping and put a heavy duty on shipbuilding material and it began to cost us more to build ships we then fell still further behind, and every day we have been behind has been a day when our vessels cost from 50 to 100 per cent more than theirs.

Mr. FARQUHAR. No, not altogether; because of late years there has been comparatively little difference.

Mr. HARDY. I suppose the propulsion we already had toward the bottom of the sea has been keeping us down. But, as a matter of fact, is it not practically impossible for this nation or any other nation to compete on the open seas with vessels that cost 50 to 100 per cent more than the vessels of their competitors?

Mr. FARQUHAR. It is absolutely impossible. But vessels do not cost here more than 10 or 15 per cent more than in England.

Mr. HARDY. That, of course, is a question.

Mr. FARQUHAR. I only hear it from our builders of ships.

The CHAIRMAN. I do not think any shipbuilder at this time would insist that it costs any more to build a ship in an American shipyard than it costs abroad.

Mr. FARQUHAR. No; because we have been trying to buy them—
The CHAIRMAN. The difference in cost has been gradually lessening during the years I have been in Congress.

Mr. FARQUHAR. That is correct.

Mr. HARDY. I am of the opinion they can be built here as cheaply as anywhere.

Mr. FARQUHAR. That is shown by the very fact that I can export in competition with every nation in the world. Several years ago I was talking with an English manufacturer who was manufacturing for South Africa the same class of goods that I was making. He told me what the goods cost, what his expenses were. He said at that time, which was a good many years ago—1884—"I can manufacture those goods cheaper than you can in America. My material is cheaper; my iron and steel are cheaper." "No," I said, "your labor is very much higher. You have one process there that you pay 64 cents for; I make the same thing for 6½ cents. If I find there are enough of those goods wanted to warrant it, I can compete with you and you will have to stop making them." "All right," he said, "beat me if you can." Well, some time later, when a new contract was made, the contract went to me and he could not touch it. We made a profit on it in competition with England.

Mr. HARDY. There are ways of meeting competition if you have to.

Mr. FARQUHAR. We are the most wasteful and careless nation on the earth.

Mr. HARDY. Is it not your opinion that just so long as our shipbuilders are given an absolute monopoly in the coastwise trade and not required to compete for it they are very likely to charge more for ships than if they had to compete?

Mr. FARQUHAR. That is absolutely true.

Mr. HARDY. Has it occurred to you that in all the discussions of the fading away of our merchant marine you have seen very little from the interested parties in reference to that difference in the cost of ships, but you have heard about wages and things of that sort, and about our restricted and antiquated navigation laws. Have you ever found anybody who could tell you what those "antiquated navigation laws" were?

Mr. FARQUHAR. Not anyone who could give a complete answer.

Mr. HARDY. I wish you would inquire from now until the next Congress, and if you find anyone I would like for you to report it to me.

Mr. FARQUHAR. I am a practical business man, you know—

Mr. HARDY. You have not studied the law—

Mr. FARQUHAR. Yes; I have.

Mr. HARDY. You have just heard that song about the antiquated laws?

Mr. FARQUHAR. Yes; I can not give you a satisfactory answer, although I have studied it. I only know that in England the shipbuilders are all encouraged, and in this country they seem to be discouraged because in all the discussions in the Houses of Congress there has been no disposition to encourage the shipbuilders of this country.

Mr. HARDY. Can you find any law that is on our statute books that the shipowners have ever asked us to repeal? Of course you might mention the seamen's bill—

Mr. FARQUHAR. Oh, yes; there are some mistakes there.

Mr. HARDY. But the merchant marine had gone down before that. Now, will you find out from them or anybody else what law there is on our statute books that ship owners have asked us to repeal?

Mr. FARQUHAR. The shipowners have not taken sufficient interest in their ships, except in domestic trade, as you say. They have not organized and have not done their part; I am willing to say that. That has hurt us and hurt our mercantile marine.

Mr. HARDY. Mr. Hill only a little while ago made the statement that the cost of an American ship was from 50 to 100 per cent more.

Mr. FARQUHAR. Mr. Hill made a mistake.

Mr. HARDY. Possibly he did. Even if it is 25 per cent, or even if it is only 15 per cent, do you, as a business man, believe that any carrier will use a vessel that costs 15 per cent more than he could buy one for elsewhere?

Mr. FARQUHAR. No; and it is possible that if similar subventions were started up—

Mr. HARDY. Does it occur to you that without subvention our shipowners would give the shipyards the same support if you would let them buy them?

Mr. FARQUHAR. I believe that if our navy yards were encouraged to run at their full capacity they could buy very much cheaper. In England, you know, they have standardized the shipbuilding business until they can turn them out just like cutting pieces off a roll of tape.

Mr. HARDY. But what business have we got in the shipbuilding business if our shipbuilders can not standardize as well as any other country?

Mr. FARQUHAR. The whole trouble is in starting up. If they are encouraged to start I believe they would continue.

Mr. HARDY. I am afraid we are arguing now.

Mr. EDMONDS. You made the statement to Mr. Hardy, I believe, that you thought our coastwise trade should be open to foreign ships?

Mr. FARQUHAR. Oh, no.

Mr. EDMONDS. I understood that you did. But you say it would be a good thing and would encourage shipbuilding if the coastwise trade were open. Do you believe it is a good thing to continue our navigation laws so our coastwise trade can be protected?

Mr. FARQUHAR. Oh, yes; I think it should be protected.

Mr. EDMONDS. And you also think that the islands of Hawaii and Porto Rico should be kept in our coastwise trade?

Mr. FARQUHAR. I think they should be kept in our coastwise trade. And I will go further than that: I think they ought to be made a part of the country really.

Mr. EDMONDS. Do you think that if this war were not going on in Europe, and ordinary conditions prevailed we would be able to build ships in this country as cheaply as they do in Europe?

Mr. FARQUHAR. Not unless we built them in large quantities. We would have to arrange to build them in large numbers.

Mr. EDMONDS. Well, we have to consider that this war is not going to last forever, and afterwards this bill is going to be in operation. Now, you do not think for a minute that with the difference between the class of labor in this country and the class of labor in the shipyards

of England it is possible to build a ship within 15 or 20 per cent of the cost of an English ship, do you?

Mr. FARQUHAR. Yes; because I think we can furnish the material cheaper. The making of steel is the greatest expense. We make it cheaper than anywhere else in the world, and were exporting in large quantities even before the war. I think that would make a difference in our favor. And I think the American workmens will do more than English workmen; they do it in every other business that is standardized and run on a large scale. The shipbuilding business heretofore has been run in a haphazard way, and they have not built them anywhere near as cheaply as they could.

Mr. EDMONDS. But we are gradually approaching the point where we can build them cheaper?

Mr. FARQUHAR. I think we can come within about 5 per cent after the war is over.

Mr. EDMONDS. Before the war it was a difference of 40 per cent on the same class of ships?

Mr. FARQUHAR. Oh, no—

The CHAIRMAN. The testimony has been that it was not to exceed 25 per cent, and before the war in recent years it was 15 per cent.

Mr. EDMONDS. There was published in the Philadelphia Ledger a case where a man took an English boat and an American boat of the same class, and he figured that the difference in price was 40 per cent. This was about two years before the war.

Mr. FARQUHAR. It was the same class of ship?

Mr. EDMONDS. Possibly it might have been a ship that they had standardized and we had not standardized. But I remember very distinctly taking the figures at the time and figuring out it was about 40 per cent difference.

Mr. HARDY. Let me say right there that last year a shipowner in the oil business told me of ordering a ship here for which he paid \$600,000, which he could have got abroad for \$375,000.

Mr. EDMONDS. That boat is being built by Harlan & Hollingsworth at Wilmington.

Mr. HARDY. I have forgotten the details, but that is the difference he told me.

Mr. EDMONDS. I realize that, Mr. Hardy. I realize that the price is growing closer. Whether that situation will continue after the war is over, I do not know, and I do not think anybody knows.

Mr. FARQUHAR. So many have been killed over there and so many ships have been destroyed I have an idea that labor will advance in price after the war.

Mr. EDMONDS. I would not be surprised myself.

Mr. CURRY. Are you acquainted with the system of the British Board of Trade by which they practically compel the business men of Great Britain to assist in building up their merchant marine? I have a statement here and will give it to you, if you are not.

Mr. FARQUHAR. There is some truth in that. The Government is always ready to help them.

Mr. CURRY. The Government does not help tramp ships.

The British Board of Trade has a way to force English manufacturers, exporters, and importers to subscribe for minority stock in privately-owned vessels and to make their investments permanent. Such required investment is based on the volume of trade of the individual firm or corporation, as the case may be.

No English business man dare refuse to make such investment when requested. If he should, he would be punished by not being allowed to ship his goods. He would find that every vessel on which he attempted to make a shipment had a full cargo.

On January 19, 1915, the Washington Times published an article explaining the English method of building up, developing, and perpetuating their merchant marine. From that article I have gathered and present the following account of their system.

Subsidies or subventions are paid to certain classes of liners, and private investments in merchant vessels are made permanent. All British merchant ships are divided into 64 equal shares. The ownership of 33 shares absolutely control her. The managing owners hold the 33 shares, which represent control. The rest are distributed among investors, and the investors in the minority shares are practically compelled to buy them.

Exporters, importers, and manufacturers are requested to subscribe for the minority shares, and in order to insure the shipment of their goods at reasonable rates they find it to their advantage to do so. It enables them to import and export their goods at reasonable freight rates and insures a market and a profit on their merchandise.

The managing owner, under his contract, receives 2 per cent of the gross freight earnings plus the earnings on his 33 shares, which gives him a large return. The average minority owner rarely receives over 2 per cent on his investment in the ship.

The managing owners always write into their contracts a provision that if a ship should be lost and the insurance collected, that the insurance money shall at once be reinvested in a new vessel. It is never distributed to the shareholders.

When a new ship is turned out from a British yard it is registered at Lloyd's as "A* 1* 100," the highest index designation. It sails under that designation for 10 years and is insured, with its cargo, on the most favorable terms. After 10 years its rating is "A* 100," and its insurance rates are higher. When the vessel, after years of use, can not get so good a rating of insurance, it is sold and transferred to some foreign flag, and the money is reinvested in a new ship.

Mr. FARQUHAR. That is rather exaggerated, in view of the enormous amounts that stockholders invest in England. They would not do it if they did not make as good or better returns than they do on other investments. You mention some extreme cases there.

The CHAIRMAN. From what are you reading, Mr. Curry?

Mr. CURRY. I am reading from a speech I made at the last session of Congress, and I obtained that from reliable information.

Mr. FARQUHAR. That 2 per cent is the average though.

Mr. CURRY. They could not get more than 2 per cent. That comes from a British source.

Mr. FARQUHAR. You try that source again. They may be mistaken.

Mr. CURRY. That is where the business men are forced by the British Board of Trade to assist in building up the British merchant marine.

Mr. FARQUHAR. The all important thing is to get a merchant marine. You all admit we must have it. We must have it for the Navy and for our export trade. We can not depend upon our competitors to carry our goods with any safety to our export trade.

Mr. GREENE. I have been unavoidably absent and perhaps you may have answered this question. Outside of the cost of the vessel—which seems to be a matter of doubt in the mind of my friend from Texas, Mr. Hardy; possibly you can buy just as cheaply here as you can abroad—have you taken up the cost of running the vessel after it is built?

Mr. FARQUHAR. Oh, yes; it costs more under our present laws, especially under the seamen's bill, which has added to the cost. It costs more than it costs abroad, unless the board will have power to license and equalize. It may take a considerable change in it to give them that power. It is the full-crew idea that shipowners

object to, like the full-crew provision for the railroads which forces them to employ men who have nothing to do at all. I asked a railroad man a short time ago what he had to do, and he replied, "I do not do anything at all except to go and draw my pay."

Then the language test is all wrong. With the great majority of seamen it does not make a bit of difference whether they understand the language of the captain or not, because the captain does not give the orders. The orders all go through the subordinates, and we ought to be privileged to employ the cheaper labor abroad.

Those restrictions, of course, all affect the shipping, but the all-important question now is to get shipping, and I am sure if you will look into it as carefully as we business men have been forced to you will see it is absolutely essential. Whenever a bill is introduced that will give us those ships I will favor it. I favor the present bill as a start. I object very much to Government ownership, as a rule, and especially to the Government running the vessels, but I am willing to do something as a start.

Mr. HARDY. In other words, if you can not get what you want you will take the next best thing?

Mr. FARQUHAR. Certainly. The great trouble is the need of standardization. Making one or two ships of different styles they cost so much more to make than to make a large number of vessels of the same style. It is utterly impossible to compete in any manufacture unless you standardize.

Mr. ROWE. You said that three members of this board should be familiar with shipping?

Mr. FARQUHAR. Experts; yes.

Mr. ROWE. Do you think you can get those men at \$10,000 a year?

Mr. FARQUHAR. Oh, yes; I think they would serve, just like the members of our Chamber of Commerce of the United States, who give a large portion of their time. Our president gives all his time and gets nothing at all but traveling expenses—if he draws them. I have never asked for that. We find we are doing good; we are doing a great deal of good, and that is fair enough. And there is a large number of business men who have that feeling that they are doing good. There is a great deal more of that patriotism among business men than you would suppose.

Mr. ROWE. And you believe there is a good deal of patriotism among shipping men, too, do you not?

Mr. FARQUHAR. Certainly.

The CHAIRMAN. Do you think the bill ought to define the class of men who should be employed?

Mr. FARQUHAR. I think so; I think that is true, and there would be no objection then to having the Secretary of the Navy and the Secretary of Commerce on the board.

Mr. ROWE. Do you think we should have seven members if the Secretary of the Navy and the Secretary of Commerce are members?

Mr. FARQUHAR. I would prefer having it seven; yes. I would advocate that strongly.

The CHAIRMAN. I think Mr. Farquhar has made some very valuable suggestions.

Mr. FARQUHAR. I wish I could be of further use, and I wish you would get together and give us some ships. I am sure you are in earnest.

STATEMENT OF CAPT. ELLSWORTH P. BERTHOLF, COMMANDANT UNITED STATES COAST GUARD—Resumed.

The CHAIRMAN. I do not recall, Capt. Bertholf, just where you left off yesterday afternoon. Will you continue your statement?

Capt. BERTHOLF. I think, Judge, I had about completed the statement concerning the naval reserve feature in section 11.

The CHAIRMAN. You were saying something about the personnel on these naval reserve vessels. Now, I know you have also made an investigation of the oil-burning steamships and also of the types of freight carriers using the Diesel type of engine, have you not?

Capt. BERTHOLF. The Secretary asked for a memorandum concerning the cost of operation of typical ships which it was presumed would be used under the shipping bill. We have made the memorandum, but it is rather long, and perhaps I had better submit it for the committee and make a general statement.

We assumed that the typical cargo ship of the world was one having the following dimensions: Gross tonnage, 4,665; net registered tonnage, 2,930; dead weight cargo capacity, 7,880; steaming radius, 3,500 miles; average sea speed, 10½ knots; indicated horsepower, 2,500.

The CHAIRMAN. Without going into the details, have you worked out the different costs?

Capt. BERTHOLF. We took the cost of operation on the Pacific Coast, and compared a typical new American ship, with Diesel engine, American crew, American wages, and American standard of food, with the typical existing foreign competitor with average efficiency, of steam propulsion, Asiatic crew, cheap wages, and poor food; both these vessels making five or six round trips a year between the west coast of the United States and the west coast of South America, a distance of about 5,000 miles. We found that the increased annual cost for the American ship under this plan was \$17,472 for the cost of the wages and the food, the food being estimated at 50 cents a day for American ships and 20 cents for foreign. There would be a decreased annual cost to the American ship, because of the saving in the cost of oil over coal, of \$18,664. That left a net annual saving for the American ship of \$1,175. That is for the operation. And it should be stated that our figures are based on conditions as they existed prior to the war.

By using the Diesel engine instead of the steam engine there would be an annual increase in earning capacity of this American ship of about 400 additional tons for freight space, which would bring an annual revenue of \$32,000. That would give in favor of this American ship an annual operating return of \$33,000—that is, as I have said, using a new American ship, with Diesel installation, American crew, American wages, and American standard of living, against the present existing steamship on the Pacific coast—

Mr. EDMONDS. While you are on that subject, may I ask a question? You are using the very highest type of ship in comparison with the very cheapest grade of ship?

Capt. BERTHOLF. Precisely; because if anyone builds a ship now he would ordinarily build the most economical type, and not an out-of-date uneconomical type.

Mr. EDMONDS. Well, there is no special hold on the Diesel engine. Any nation can build it.

Capt. BERTHOLF. That is true.

Mr. EDMONDS. In fact, it is a German invention and improved by German patents.

Capt. BERTHOLF. That does not stop us from using it.

Mr. EDMONDS. Any shipbuilding company in this country that builds that ship has to pay a royalty on that?

The CHAIRMAN. You are mistaken in that; that is not correct. I had occasion to investigate it. We have installed the Diesel type of engine in a little plant in my home town. The Allis-Chalmers people build the Diesel type of engine; the Snow people build it; the Busch-Sulzer people build it. Those patents have run out. The Diesel type—I will not explain the process, though I have investigated it thoroughly, but anybody can build an engine of that type now.

Mr. EDMONDS. I will agree with you fully on that point; but it has been found that for the successful operation of the ship it is necessary to use inventions perfected by another inventor—a Mr. Bolinger, I believe it is. That is a patent that is in existence to-day, and the New York Shipbuilding Co. and another company are licensed under that patent to make these ships. I am informed by a Danish captain, with whom I talked recently, that these ships can not be operated successfully with the ordinary type of Diesel engine, and that is one reason why the patent has run out without very many of the engines being installed in the marine service. The new patent has made the operation of these ships successful, and all German ships and all Danish ships that are now being built are using this patent, and it is only recently, within the last month, that the New York Shipbuilding Co. and another company in this country have been licensed under that patent to use it.

The CHAIRMAN. But the Diesel principle—

Mr. EDMONDS. I agree with the chairman on the first point, of course. I am not contesting that at all.

The CHAIRMAN. There may be something added to it that is patented.

Mr. CURRY. I think it would be nothing but fair, if the captain has it in his mind or can get the information, if he would let us know the difference in cost in running a Norwegian ship, say, and an American ship of similar type with a Diesel engine. My information is that Norway is transforming all of her ships to the Diesel system.

Capt. BERTHOLF. Perhaps I should explain this former statement.

Mr. CURRY. That would be better. I would like to know exactly the difference in cost.

Capt. BERTHOLF. The very pertinent suggestion was made that other countries could build these ships as well. That is quite true, but this memorandum was made for the purpose of ascertaining what could be done if a building program were entered upon, and naturally anybody building ships would make use of the best type, both hull and machinery. It may be said that our foreign competitors can also build these ships, which is quite true; but the fact remains that they are handicapped by their existing fleets of coal-burning vessels, with expensive types of steam machinery which can not be scrapped. This will give this country an advantage for a period of at least six years.

Mr. CURRY. Would it be possible to change one of those coal-burning ships into a Diesel engine ship?

Capt. McALLISTER. It would not be practicable.

Capt. BERTHOLF. I am speaking now of the fleet which would be contemplated possibly under the shipping board. What could they do? They would naturally build the modern types. Then, if you take the types of existing ships with which we must compete—they can not throw those ships away, and Capt. McAllister says that from an engineering standpoint they can not transform them.

Capt. McALLISTER. They can transform them, but it would cost too much.

Mr. CURRY. But they could build new ships.

Capt. BERTHOLF. Oh, yes.

Mr. CURRY. Then how would the cost of running compare?

Capt. BERTHOLF. But while that is going on we will have a start on this thing.

Mr. CURRY. Not if they would commence to build as we do.

Capt. BERTHOLF. They would not build at once.

Mr. ROWE. Some nations might—like Norway.

The CHAIRMAN. There would not be that same necessity on their part, assuming that their steam-driven ships can be operated under existing conditions more cheaply than we can operate ships. In other words, they would continue to use their existing vessels, whereas we would at once adopt this new type to compete with their ships.

Mr. EDMONDS. We have another advantage in favor of our country in this respect; that is, that we virtually have control of the oil supply.

Capt. BERTHOLF. Sixty per cent.

Mr. EDMONDS. Have you ever considered the very dangerous position in which they would be if they could not get oil? That is, to my mind, one of the reasons for the trouble in Mexico—the increasing use of oil in marine vessels and the increasing demand on the Mexican Government for concessions for oil from different nations in an endeavor to make themselves independent of the United States as to oil supply.

Mr. CURRY. Norway, I understand, is changing all her sailing vessels and installing Diesel engines.

Capt. McALLISTER. It is impracticable at present to build Diesel engines of more than 2,500 horsepower in one unit. With twin screws that gives you 5,000 horsepower. For anything above 5,000 horsepower they have to resort to steam. There are eight Norwegian steamships being built in this country now, at Chester. They are all probably of more than 5,000 horsepower, and for that reason they are all going to be steam driven, using the new turbine reduction gear.

Mr. CURRY. Do you understand that they are putting these engines in their sailing ships?

Capt. McALLISTER. A few, I think. But auxiliary vessels do not go more than 6 or 8 knots an hour with these Diesel engines; they hardly get up to 10.

Mr. CURRY. They will use both?

Capt. McALLISTER. Both sail and auxiliary power; yes, sir. For anything above 5,000 horsepower they can not at present use the Diesel engine. We have only used them in this country a short time.

There is one large Diesel engine being built in this country, and that is in the Brooklyn Navy Yard, for a collier, the *Maumee*.

Mr. LOUD. What power is that being built for?

Capt. McALLISTER. I think she is a twin-screw vessel of about 5,000 horsepower.

Mr. EDMONDS. About how fast would you think that 5,000 horsepower would drive an average coasting vessel?

Capt. McALLISTER. About 10 or 11 knots. Freight vessels do not try to go more than 10½ or 11 knots.

Mr. EDMONDS. I understood from the captain of this ship I was on that he could make about 10 or 12 knots.

Capt. McALLISTER. They might get up to 12.

Mr. CURRY. Diesel engines, then, would not be suitable for naval reserve purposes?

Capt. McALLISTER. I think so.

Mr. CURRY. You think that a ship propelled by a Diesel engine would be good for naval auxiliary purposes?

Capt. McALLISTER. It would for bulk carriers; of course, not for fast transports.

Mr. CURRY. Not for oil carriers or anything of that kind?

Capt. McALLISTER. Oh, yes; for fuel ships they would be all right. That is the way one of the naval colliers is being equipped now.

Mr. LOUD. What power do they put into naval colliers of the *Neptune* class?

Capt. McALLISTER. About 6,000 or 7,000 horsepower.

Mr. LOUD. That would be too much for this type of engine?

Capt. McALLISTER. That would be too much; they would use steam. They have used steam-driven reciprocating engines in all the colliers, except one building with Diesel engine, one with reduction gear, and one with electric drive.

Mr. LOUD. There is one with electric drive building now, or already built?

Capt. McALLISTER. Only one already built, but from now on they will probably put in the reduction gear.

Mr. KINCHELOE. You say that oil-burning engines of more than 2,000 horsepower are not economical?

Capt. McALLISTER. In one unit it is impracticable to use over 2,500 horsepower. It is not a question of their economy.

Mr. KINCHELOE. Why can they not use more than 2,000 horsepower?

Capt. McALLISTER. The limitation comes in the size of the cylinder. The heat is so intense that cast iron will not stand it. It is internal combustion, you know, with the fire right against the iron. When you get a cylinder up to 25 to 28 inches in diameter, you can keep it cool with circulating water, but above that the heat is so intense that you can not cool it. Cylinders of that size develop about 250 to 400 horsepower, and you have about six cylinders to one engine. They do not get much more than 2,000 horsepower on account of inability to cool the surface properly. No metal will stand that intense heat. That is what limits the size of the Diesel engines.

The CHAIRMAN. Capt. McAllister has that whole matter worked out very carefully, I know. I have a copy of his memorandum, and I suggest that it go into the record.

Mr. LOUD. Is the Diesel engine suitable for high speeds, as in destroyers, for example?

Capt. McALLISTER. No, sir.

Mr. LOUD. It is not suitable for them?

Capt. McALLISTER. No; they can not get the horsepower. Those vessels use from 10,000 to 16,000 horsepower and the oil engines will not develop that.

The CHAIRMAN. I think both those memoranda are very valuable and will prove of intense interest if you will put them in the record.

(The memoranda are as follows:)

SHIPPING BILL—COSTS OF OPERATION—TYPICAL SHIPS, USING AVERAGE WAGE AND FREIGHT RATES WHICH OBTAINED BEFORE THE EUROPEAN WAR.

In the report of the discussion of the relative merits and costs of different types of ship-propelling machinery, which took place at successive meetings of the Northeast Coast Institute of Engineers and Shipbuilders in England, it was decided that the typical cargo ship of the world at the present time is one having the following dimensions, etc.:

Gross tonnage.....	4,665
Net registered tonnage.....	2,930
Dead-weight cargo capacity.....	7,880
Steaming radius.....	3,500
Average sea speed (knots).....	10½
Indicated horsepower.....	2,500

A large proportion of the proposed naval auxiliary reserve fleet contemplated by the shipping bill will naturally be vessels of that size. In order to compare the relative costs of operation of an American vessel and of the average existing foreign competitor in the Pacific Ocean, this type of vessel will be used. The cost of wages and of fuel are the main items of expense in the operation of any vessel. This vessel will have a crew of 44 officers and men. From various sources it is found that the cost of wages per month on the Pacific Ocean for an American vessel with an American crew was \$2,210 (\$26,520 per annum) while for the average foreign competitor with Asiatic crew it was \$1,150 per month (\$13,800 per annum). The American vessel was thus handicapped in the Pacific trade with an additional cost of \$1,060 per month on wages alone (\$12,720 per annum), which it is claimed is the principal item in the difference in cost of operation.

Assuming that our typical new freighter is equipped with the modern type of Diesel engine, burning crude oils by internal combustion, there will be certain elements of economy of operation incident to this type of propulsion, as follows:

1. *Less cost of wages of operating force, due to the smaller number of men required.*—There seems to be, in the opinion of experts, a question as to the economy of operation of a Diesel engine (excluding cost of fuel) due to higher initial cost, greater insurance rates, and possibly greater cost of repairs, although the preponderance of opinion points out that there is a tangible saving in cost of operation. For the purpose of this comparison this item will be ignored, in order to be entirely conservative.

2. *Less cost of fuel for operation.*—There is absolutely no question concerning the great saving in cost of fuel. To arrive at a comparison we will assume this typical freighter as operating between San Francisco, Cal., and Valparaiso, Chile, and that she makes only five round trips per annum. The distance between ports is 5,140 miles. On each voyage the average consumption of oil will be 231 tons; the same ship, fitted with the average steam machinery using coal, will use 597 tons. The cost of coal on the Pacific coast may be taken at \$6 per ton, and of oil at \$7 per ton. Applying these factors, we find a saving in cost of fuel each one-way voyage of \$1,965, or \$19,650 for five round trips.

3. *Gain in freight-carrying capacity, owing to less space occupied by the propelling machinery, and less space necessary for storing fuel, which, it has been demonstrated, can be carried in a ship's double bottom—a space in steam-propelled vessels heretofore utilized only for water ballast.*—The increased capacity incident to Diesel-engined ships is variously estimated by writers on the subject as from 5 to 10 per cent on the dead weight cargo rating. To be well within conservative limits, the assumption is made in the typical ship that her dead-weight capacity is increased from 7,880 to 8,280 tons (400

tons), a trifle over 5 per cent. Prior to the existing war the freight rates between Chile and the United States, on the average of all bulk commodities, is shown by the Consular Reports to have been approximately \$12 per ton. At the present time they have increased about 80 per cent over that figure, and in the case of nitrates, the principal article of export, the increase has been 100 per cent. Again, taking a conservative estimate, we will assume an average freight rate of but \$8 per ton, weight or measurement. In a 400-ton increase in capacity this will amount to \$3,200 per one-way voyage, or \$32,000 per annum for five round trips, in favor of the typical ship having Diesel engines.

RÉSUMÉ—PACIFIC COAST.

Typical new American ship with Diesel engines, American crew, American wages, and American standard of food, versus typical existing foreign competitor with average efficiency of steam propulsion, Asiatic crew, cheap wages, and poor food, both vessels making five round trips a year between the west coast of the United States and the west coast of South America, a distance of about 5,000 miles:

Increased annual cost for American ship:	
Wages of 44 officers and men.....	\$12,720
Food at 50 cents per day instead of 20 cents.....	4,752
	<hr/> \$17,472
Decreased annual cost for American ship:	
Saving in cost of oil fuel over coal.....	18,644
	<hr/> 1,172
Net annual saving for American ship.....	1,172
Annual increase in earning capacity of American ship from 400 tons additional freight space.....	32,000
	<hr/> 33,172
Operating returns in favor of American ship, per annum.....	33,172

ATLANTIC COAST.

For the typical bulk carrier on the Atlantic coast the conditions are somewhat different from those on the Pacific coast, as follows:

1. The difference in cost of crews was less, as competitive vessels in these waters do not operate with Asiatic crews, and their standard of food is higher than for Asiatic crews.

The American scale of wages for officers and crew can be taken as the same as those for corresponding vessels on the Pacific coast, but for foreign competitors with Caucasian crews on the Atlantic coast the average wage scale for the typical freighter will be approximately \$1,500 per month (\$18,000 per annum). Food cost 30 cents per day at least.

2. Coal being more plentiful and the various seaports nearer to the mines, the cost is less than on the Pacific coast. The ports on the North Atlantic particularly are farther removed from the oil wells, and in consequence the average cost of oil is higher than on the Pacific coast.

The average cost of coal at various Atlantic ports will be \$4 per ton, while the average cost of fuel oil should be taken at \$8.75 per ton, a price somewhat above the normal average.

The average length of voyage will be assumed the same as from San Francisco to Valparaiso (5,140 miles), as the distance from New York to Rio Janeiro is 4,441 miles, and from New York to Montevideo is 5,497 miles. The freight rates are approximately the same as those on the Pacific coast, and for purposes of comparison we will assume it to be an average of only \$8 per ton, weight or measurement freight.

Applying these modifications for the Atlantic coast to the typical freighter assumed we would have the following:

RÉSUMÉ—ATLANTIC COAST.

Typical new American ship with Diesel engines, American crew, American wages, and American standard of food versus typical existing foreign competitor with average efficiency of steam propulsion, European crew, fair wages, and fair food, both vessels making five round trips a year between the east coast of the United States and the east coast of South America, a distance of 5,000 miles.

Increased annual cost for American ship:	
Wages of 44 officers and men.....	\$8,520
Food at 50 cents per day instead of 30 cents.....	3,204
	<hr/> \$11,724.00

Increased annual cost for American ship:

Saving in cost of oil fuel over coal..... \$7, 672. 00

Net annual loss for American ship..... 4, 052. 00

Annual increase in earning capacity of American ship from 400 tons additional freight space..... 32, 000. 00

Operating returns in favor of American ship per annum..... 27, 948. 00

SHIPS FOR PASSENGERS AND FREIGHT.

As has been stated, the larger number of the proposed naval auxiliary fleet will usually be freight carriers, and consequently of slow and economical speed. While the internal-combustion engine is peculiarly adapted to this class of merchant vessel, there are limitations to the size of this engine. Under existing conditions it would be impracticable to use internal-combustion engines of above 5,000 horsepower (twin screws), and the use of the Diesel engine is therefore practically limited to slow freight ships of not exceeding 5,000 gross tons.

There would be in this fleet of board ships a number of vessels of about 6,500 gross tons and 18-knot maximum speed, for passenger and high-class freight service, and these vessels would be utilized in time of war as transports. This class of vessel requires machinery of over 5,000 horsepower, which is beyond the limit of power for which the internal combustion engines may be used. However, such great progress has been made in steam machinery that a very pronounced saving in fuel can be made with modern installations. Upon certain routes, where American steamship lines are operating, further economies may be made by burning oil instead of coal.

Illustrative of what can be accomplished in the South American trade we will give the following comparisons:

The steamship *Havana*, of the Ward Line, running to the West Indies, is of the typical size, and the following data are well authenticated. This ship was built in England and consequently represents a vessel somewhat more efficient than the average of passenger steamers of similar size and type.

Gross tonnage.....	6, 391
Dead-weight capacity.....	5, 084
Horsepower.....	5, 000
Stowage capacity (tons).....	1, 010
Speed at sea (average knots).....	16. 6
Coal consumption per day (tons).....	145
Number of crew (including 39 firemen and coal passers).....	147
Monthly wage cost.....	\$5, 623
Cost of food (\$12 per man).....	\$1, 740

The same data would apply to the typical existing foreign vessel to be met in competition, with the exception of wages and food. The pay and cost of food for the foreign ship was practically 30 per cent less. Hence we would have for the operating expenses of the average existing coal-burning foreign steamer the following, taking a 10-mile 8-day voyage, or one round trip per month:

Wages 70 per cent of (\$5,623).....	\$3, 936
Food 70 per cent of (\$1,740).....	1, 218
Coal 145 tons per day, at \$4 per ton, 16 days).....	9, 280

Monthly operation charges, existing foreign steamer..... 14, 434

For the proposed American steamer with up-to-date geared turbine, burning oil fuel, the crew would be reduced to 124 men by cutting out 21 men from the fireroom force and 2 from the steward's force. There would be also a decided decrease in fuel consumption, so that the operating expenses would be as follows for the same service:

Wages 124 men at American rates (\$5,623—\$1,080).....	\$4, 543
Food 124 men at \$12 per month.....	1, 488
Oil 165 tons of oil per day, at \$8.75 per ton) for 16 steaming days.....	9, 100

Monthly operation charges, new American steamer..... 15, 131

In addition the oil-burning American vessel, by carrying this fuel oil in her double bottom, will gain at least 10 per cent in her freight-carrying capacity, or, at a very conservative estimate, she can carry 500 tons additional revenue-producing freight.

NOTE.—The proportionate gain in freight-carrying space is greater in a faster vessel than in a slow one. The faster a vessel the greater must be her bunker space, which

correspondingly reduces the freight space. Hence, when bunkers are eliminated and oil carried in double bottoms there is a greater proportionate gain in freight-carrying capacity than in slower vessels, which do not have to carry so much fuel.

A very conservative freight-rate estimate for a 3,200-mile voyage is \$4 per ton (weight or measurement). One round trip per month would give an increased earning capacity of \$4,000 in favor of the American vessel (500 tons additional freight at \$4 each way).

A further saving in oil-burning vessels is a marked reduction in the cost of upkeep of boilers, cost of painting the ship, etc., which items, however, are ignored in this comparison.

RÉSUMÉ—ATLANTIC COAST.

Typical new fuel oil burning ship with geared turbines, American crew, American wages, and American standard of food, versus typical existing foreign competitor with average efficiency of steam propulsion, European crew, fair wages, and fair food, both vessels making one round trip a month between the Atlantic Coast of the United States and the east coast of South America on a route of 3,200 miles.

Increased annual cost for American ship:

Wages.....	\$7, 284
Food.....	3, 240
	<hr/> \$10, 524. 00

Decreased annual cost for American ship:

Saving in cost of oil fuel over coal.....	2, 160. 00
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Net annual loss for American ship.....	8, 364. 00
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Annual increase in earning capacity of American ship from 500 tons additional freight space.....	48, 000. 00
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Operating returns in favor of American ship, per annum.....	39, 636. 00
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To illustrate what actually has been done on the Pacific coast, the following data concerning the 5,218-ton American steamship *President* is quoted from "International Marine Engineering" of July, 1914 (p. 283-284):

"The *President*, which has just returned to service, has been converted at the Seattle yards on a contract working time of 35 days. Her capacity is 5,600 barrels of oil and on her maiden run following the change this fast steamer added one knot to her steaming speed.

"In making the oil installation the vessel's double bottom was converted into fuel tanks to carry her capacity.

"Using coal, this vessel formerly filled her bunkers with about 1,350 tons upon each call at Seattle. The operation required 9 working hours, which frequently meant from 12 to 15 hours, including waste time. Now the vessel can fill her tanks while working cargo, thereby having a considerable saving in time, which is no insignificant item because these vessels are almost constantly moving and running on a schedule almost as good as that of an express train.

"Roughly estimating the value of coal at \$3.30 per ton, and that of fuel oil at 80 cents per barrel (\$5.60 per ton), it is figured that the *President* will effect a saving in fuel cost alone of between \$800 and \$1,000 per voyage. (She makes four voyages each month.)

"There are, however, other important features of oil burning which appeal to her owners. With the elimination of coal bunkers each vessel has approximately 600 tons of additional cargo space, which is of much value considering the demand for such space, especially at certain seasons. Probably the most important economy effected, however, is that in crew. Formerly the *President* carried a total of 136 men, and now her roster is but 113. The reduction of 23 men is apportioned, 21 men in the engine department and 2 in the steward's department, the latter being eliminated following the reduction of the fireroom force. Whereas the engine-room crew formerly numbered 44, there are now but 23 required. In addition to the saving in wages and subsistence of these men, the quarters formerly occupied by them have been turned into added cargo space."

Of course, it may be said that our foreign competitors can also build these modern ships, but the fact remains that they are handicapped by their existing fleet of coal-burning vessels with expensive types of steam machinery, which they can not afford to put into the scrap heap. This will give us an advantage for a period of at least six years before the competing fleets can be brought up to the same state of efficiency as this proposed American fleet of new ships.

The United States is peculiarly well endowed by its natural resources to enter into a world-wide competition in shipping, since it will be reduced to a battle for the

supremacy in economical equipment. Oil will be the most vital factor in this competition, on account of its many advantages, and, as is well known, 60 per cent of the world's supply is within the borders of the United States. It is a matter of common knowledge that American shipowners are deterred at present from equipping their new vessels for oil burning owing to the extreme fluctuations in the price of oil. Fortunately, the Government has reserved large tracts of oil-producing lands from the public domains, and should the machinations of private producers tend to deter the development of our merchant marine, it is, of course, possible to resort to the Government's own oil supply.

NOTE.—While the foregoing comparisons were based on wage scales and freight rates as they existed prior to the war, it should not be overlooked that since the outbreak of war the wage scale on foreign ships has increased rapidly, until at the present time it approximates the American scale of wages. Freight rates have increased enormously as is generally known.

If there is nothing further from Capt. Bertholf, we will ask Mr. Chamberlain to come before the committee.

STATEMENT OF HON. EUGENE T. CHAMBERLAIN, COMMISSIONER OF NAVIGATION, DEPARTMENT OF COMMERCE.

The CHAIRMAN. You have held the position of Commissioner of Navigation how long, Mr. Chamberlain?

Mr. CHAMBERLAIN. Since 1893, in December.

Mr. Chairman and gentlemen, by the courtesy of the chairman I come before the committee for a few minutes to make a statement in regard to the "antiquated navigation laws" which have been referred to by several of the gentlemen who have addressed you and still more frequently by certain members of the press of the United States. The origin of this phrase, I might say, was in a book published by Mr. David A. Wells in 1891, that book being an assemblage of articles that had appeared in the New York World in 1880.

The substance of this condemnation of our laws can be found beginning on page 73 of this publication. After devoting 72 pages to historical research, Mr. Wells says:

Such, then, is a brief history of the inception and growth of our present navigation laws. Conceived in sin and brought forth in iniquity, they seemed to have entailed a curse (not yet fully worked out, but in the process of completion), general for the whole country, but more especially on that section whose fathers sold their honor to accomplish the result, and who thereby merited execration for having entailed, for long years, the horrors of the African slave-trade. And when one journeys through New England, and sees how thick are the graves of her sons, slain in a war which slavery originated, the question might suggest itself: Would these graves exist had the ancestors of those who fill them not consented to strengthen and perpetuate domestic slavery as a consideration for the privilege of doing another wrong; namely, that of restricting their fellow-citizens from freely exchanging the products of their labor?

Mr. HARDY. What is the date of that book?

Mr. CHAMBERLAIN. It was published in 1891, being a résumé of articles published in 1881.

Mr. Wells followed that with specific criticisms of 14 statutes. I recently wrote to Senator Fletcher on the subject. Part of this letter is not immediately pertinent to your inquiry, but it is not very long, and with your permission I will read it. If you think it desirable I will leave this book here and have inserted in the record the 7 or 8 pages of Mr. Wells's summary, to which the letter refers.

The CHAIRMAN. If there is no objection, that will be done.

(The excerpt referred to is as follows:)

CHAPTER V.

THE PROVISIONS OF OUR NAVIGATION LAWS.

Having traced the inception and growth of the navigation laws of the United States, let us next inquire into their provisions. They may be in the main stated and illustrated as follows:

1. No American citizen is allowed to import a foreign-built vessel, in the sense of purchasing, acquiring a registry or title to, or of using her as his own property: the only other absolute prohibitions of imports, on the part of the United States, being in respect to counterfeit money and obscene publications or objects. (Rev. Stats., sec. 4132.)

I furthermore, while we are the only people in the world who are forbidden to purchase foreign-built vessels, we freely permit all the world to enter our ports with vessels purchased in any market. Excluded, therefore, by the first provisions of our navigation laws, from engaging on equal terms in the carrying trade with foreigners we wonder and complain that the carrying trade of even our own products has passed from our control.

2. An American vessel ceased to be such if owned in the smallest degree by any person naturalized in the United States who may, after acquiring such ownership, reside "for more than one year in the country in which he originated, or more than two years in any foreign country, unless such person be a consul or other public agent of the United States." (U. S. Rev. Stats., sec. 4134.)

3. If a native-born American citizen, for health, pleasure, or any other purpose, except as a consul of the United States or as a partner or agent in an exclusively American mercantile house, decides to reside ("usually") in some foreign country, any American vessel of which he may be, in all or any part, owner, at once loses its register and ceases to be entitled to the protection of the flag of the United States, even though the vessel may have been of American construction, and have regularly paid taxes in the United States, and the owner himself has no thought of finally relinquishing his American citizenship. (U. S. Rev. Stats., sec. 4133.)

To illustrate this provision of our navigation laws, let us suppose Capt. John Smith, not a naturalized citizen, but a native American, is an owner, in all or part, of an American vessel. He becomes afflicted with a disease of the lungs, and, for his health, goes to live in the south of France, on account of the balmy atmosphere that prevails there. The moment that Capt. John thus, under the law, begins to "usually reside" in a foreign country, his vessel is liable to lose its register and the protection of the flag of his country.

4. Every citizen of the United States obtaining a register for an American vessel must make oath "that there is no subject or citizen of any foreign power or state directly or indirectly, by way of trust or confidence, or otherwise, interested in such vessel or in the profits thereof." (U. S. Rev. Stats., sec. 4142.)

We invite foreign capital to come to us, and help build our railroads, work our mines, insure our property, and even buy and carry our Government bonds as investments; but if a single dollar of such capital is used to build an American ship, and thereby represents an ownership to any extent of the value received, we declare the ship to be thereby so tainted as to be unworthy of the benefit of American laws.

5. A foreigner may superintend an American factory, run an American railroad, be president of an American college, or hold a commission in the American Army, but he can not command or be an officer of a registered American vessel. (U. S. Rev. Stats., sec. 4131.)

Notwithstanding this express provision of law, it is an indisputable fact that there is hardly an American vessel engaged in foreign trade that has not one or more foreigners employed as officers; and instances, it is said, are not rare, of American vessels which have no citizens of the United States on board except the master.

If Capt. John Smith, being a foreigner, took command of an American vessel, and falsely swore that he was an American citizen, he would "forfeit and pay the sum of \$1,000." If one of the owners should take such oath, Capt. Smith not being in the district, the vessel would be subject to forfeiture; but no such case of forfeiture has ever occurred. She would, however, not be subject to forfeiture "if Capt. Smith had been appointed the lowest officer on the vessel." To be sure, the law requires that "officers of vessels of the United States shall in all cases be citizens of the United States"; but there is no penalty whatever imposed on the vessel if they are not.

Many American citizens, on the other hand, undoubtedly own vessels under foreign flags. Some of them transferred their vessels to English colors during the war.

escape capture by Confederate war vessels, but there are many who adopt this expedient to obtain cheap ships. They engage a trustworthy English clerk, for instance, and buy the vessel in his name, holding a mortgage for her full value as security.

Some years ago the American consul-general to China—Mr. Seward—in a report to the State Department stated as within his personal experience from 1862 to 1875 that the rigid enforcement of this law would often have forced the owners or agents of those vessels engaged in that part of the world to lay up their ships or transfer them to other flags."

6. No foreign-built vessel or vessel in any part owned by a subject of a foreign power can enter a port of the United States and then go to another domestic port with any new cargo or with any part of her original cargo that has been once unladen without having previously voyaged to and touched at some other port of some foreign country under penalty of confiscation. By a comparatively recent construction of the law all direct traffic by sea between the Atlantic and Pacific ports of the United States via Cape Horn or the Cape of Good Hope, or across the Isthmus of Panama, is held to be of the nature of a coasting trade or voyage in which foreign vessels can not participate. (U. S. Rev. Stats., sec. 4347.)

In view of the fact that there has been no attempt in recent times on the part of the English, French, or Dutch Governments to interfere with the transport of merchandise by American ships by the common highway of the ocean between the home ports of these countries and their colonial possessions this construction of law, not contemplated at the period of its enactment, was regarded by Europe as a bit of very sharp and mean practice on the part of the United States, as it undoubtedly was.

7. An American vessel once sold or transferred to a foreigner can never be bought back again and become American property, not even if the transfer has been the result of capture and condemnation by a foreign power in time of war. (U. S. Rev. Stats., sec. 4165.)

8. A vessel under 30 tons can not be used to import anything at any seaboard port. (U. S. Rev. Stats., sec. 3095.)

9. Goods, wares, and merchandise, the produce of countries east of the Cape of Good Hope, when imported from countries west of the Cape of Good Hope, are subject to a duty of 10 per cent in addition to the duties imposed on such articles when imported directly. This law is interpreted so stringently that old second-hand gunny bags, nearly worn out, do not lose their distinctiveness to an extent sufficient to exempt them from additional duties if they finally come to the United States, in the process of using, from a place west of the Cape of Good Hope. A few years ago a vessel from China destined to Montreal, Canada, was sent, on arriving, to New York without breaking bulk. It was held that the voyage ceased in Canada, and that the new voyage to New York subjected the cargo to an additional 10 per cent. By the original navigation laws (act of 1790) it was provided that the tariff on all articles imported in American vessels shall be less than if imported in foreign vessels. On "Hyson" tea the duty in American vessels was 20 cents per pound, in foreign vessels 45 cents. The present discriminating duties on products of countries east of the Cape of Good Hope, imported indirectly, are a remnant and legacy of these old restrictions. (U. S. Rev. Stats., sec. 2501.)

10. If a vessel of the United States becomes damaged on a foreign voyage, and is repaired in a foreign port, her owner or master must make entry of such repairs at a customhouse of the United States, as an import, and pay a duty on the same equal to one-half the cost of the foreign work or material, or 50 per cent ad valorem; and this law extends so far as to include boats that may be obtained at sea from a passing foreign vessel in order to assure the safety of the crew or passengers of the American vessel. (U. S. Rev. Stats., sec. 3114.)

To the credit of former days it should be said that this provision of law was not a part of the original navigation laws of the United States, but was incorporated into them by special statute passed July 18, 1866, entitled "An act to prevent smuggling, and for other purposes." Under the Treasury regulations it is held that, although no part of the proper equipment of a vessel arriving in the United States from a foreign country is liable to duty, such equipment, if considered by the United States revenue officers as redundant, is liable to the payment of duty as a foreign import, although there may be no intent of landing, disposing of, or using such extra equipment, except in connection with the vessel. Thus, for example, when two sets of chains were found aboard of a foreign vessel, and one set was held to be all that was necessary, the other set was made chargeable with duty. In another case, where anchors and chains were bonded on importation, and at the same time entered for exportation, and placed aboard the vessel as a part of her equipment, it was held by the Treasury that the duties should be collected on the same.

11. Foreign vessels losing rudder, sternpost, or breaking shaft, and arriving in the United States in distress, can not import others to replace these articles here without

payment of the duty on the same. In one case of actual occurrence, a foreign line of steamers left—during a trip interval—their mooring chains, of foreign manufacture, on an American wharf. Some over-vigilant revenue officer reported the occurrence to the Treasury Department, and it was decided that, as the chains were landed, the legal duties should be collected from them as an importation. A foreign vessel can not even land copper sheathing for the sole purpose of being recoppered by American workmen, without paying duties on the old copper stripped off, and the new copper put on, as separate and distinct imports. During the year 1871 the owner of a Dutch vessel entered at Boston, ignorant of the peculiar features of the tariff of the United States in respect to the ocean-carrying trade, put on board at the foreign port of clearance a quantity of sheet copper sufficient to sheath the bottom of his vessel, it being intended to have the work done in the United States upon her arrival in order to save time and put the vessel in good order for her return voyage. The agent, advised of this arrangement, referred the matter to the officials of the Boston customhouse for instructions, only to learn that the new sheathing metal could not be used in the United States as proposed without paying a duty of 45 per cent, while the copper taken off the ship's bottom must also pay a duty of 4 cents per pound as an importation of old copper. The agent signified his willingness to pay the latter and sell the old metal for what it would bring, but requested to be allowed to land the new copper in bond for reexportation, as it would be carried out by the same vessel that brought it in. He was informed, however, that the bond for exportation required for its cancellation a certificate of the landing of the bonded goods in the foreign port for which its export was declared which could not be obtained if it was entered at the port of destination upon, and not in, the ship carrying it. The consequence was, that when the ship discharged her cargo at Boston she sailed for Halifax, N. S., carrying her sheathing copper with her, and after having been there copped by the shipwrights of the British Provinces returned in ballast to Boston for her return cargo—all this costly proceeding being cheaper than the payment of 45 per cent duty for the privilege of employing American workmen to take off the old sheathing and put on the new.

12. If a citizen of the United States buys a vessel of foreign build which has been wrecked on our coast, takes her into port, repairs, and renders her again serviceable and seaworthy, he can not make her American property unless it is proved to the satisfaction of the Treasury Department that the repairs put upon such vessel are equal to three-fourths of the cost of the vessel when so repaired. (U. S. Rev. Stats., sec. 4136.)

The following is an illustration of the working of this statute: In 1871 a citizen of Baltimore purchased a foreign-built vessel wrecked on the American coast and abandoned to the underwriters and, by spending a large sum in reconstruction, rendered her again seaworthy. He then, being desirous of employing his capital embodied in this instrumentality of trade in the most profitable manner and assuming that the reconstructed wreck was his lawful property, arranged for an outward cargo under the flag of the United States. But when the vessel was ready to sail registry was refused by the customs officials on the ground that the vessel was of foreign construction, the sum of the repairs put on the wreck being a little less than three-fourths of the original cost of the vessel; for, in other words, the substance of this decision, which was correct in law, was that while the citizen under the laws of the United States might lawfully buy and acquire title to a wreck and use it for any purpose other than navigation—as, for example, as a dock, a house, or a coal bin—he could not acquire title to it and make it American property lawful to use as a vessel even after he had paid duties on its old materials as imports unless he could show that he had expended upon the abandoned construction for the purpose of restoring it to its original quality for service a sum nearly equivalent to the cost of building an entirely new vessel. The owner by law, most mercifully, in such cases is not, however, deprived of the privilege of selling the property to a foreigner.

13. Every vessel belonging to the mercantile marine of the United States engaged in foreign trade—vessels employed in the fisheries excepted—must pay annually into the Federal Treasury a tonnage tax at the rate of 30 cents per ton. (U. S. Rev. Stats., sec. 4219.)

At the commencement of the war there were no tonnage taxes; but by the act of July, 1862, a tonnage tax of 10 cents per ton was imposed, which was afterwards increased to 30 cents, the present rate. Although there was nothing specific in the recent enactments to warrant it, and American shipping engaged in foreign trade was in such a condition as to demand the kindest consideration from the Government, the Treasury officials, interpreting the statute according to the invariable rule for the benefit of the Government and to the disadvantage of the citizen, were in the habit, up to 1867, of collecting this tax at every entry of a vessel from a foreign port; but by the act of March, 1867, tonnage taxes can now be levied but once a year. On a

ship of 1,000 tons the present tax, amounting to \$300 per annum, represents the profits or interest—reckoned at 6 per cent—on an invested capital of \$5,000, and on a ship of 2,000 tons of \$10,000. Mr. F. A. Pike, of Maine, in a speech in the United States House of Representatives, May, 1868, stated that this tax was equivalent, in many instances, to 3 per cent on the market valuation of an inferior class of American vessels, employed only in the summer months, and largely owned by his constituents.

Vessels belonging to foreign States, between whom and the United States ordinary commercial relations are established, pay the same tonnage taxes as American vessels. But if any person not a citizen of the United States becomes an owner to the extent of the merest fraction in a ship of American build, then such ship is not entitled to the privileges accorded to ships owned wholly by foreigners, but must pay on entering a port of the United States a tonnage tax of 60 cents, or double rate, and such vessel at once ceases to be entitled to registry or enrollment as a vessel of the United States. Here, then, we have piled up, as it were, on the top of all other provisions, another direct, odious, and stupid discrimination against the employment of foreign capital, provided it should so incline, for the developing of the American shipping interest and the employment of labor even in our own dockyards and harbors. Supposing a similar law to be proposed, discriminating in like manner against the investment of foreign capital in American railroads, mines, factories, and mercantile enterprises generally, does any one doubt that the proponent would be at once hooted into contempt? And yet the hypothetical law is no more absurd than the law that actually exists upon the statute book.

Practically the law is a dead letter. In the case of ordinary vessels rigid inquiry as to ownership is rarely or never instituted, and the oath required is regarded and taken as a mere form. In case of incorporated American ocean-navigation companies (if there are any such) the president of the company has only to swear to the ownership of any vessel by the company, and the Federal officials will not care if the ownership of one or a majority of the shares of the corporation vest in citizens of foreign nationalities, the provision of the statute, as with a view of making the law of noneffect being that, in this swearing to ownership by a company, it shall not be necessary to designate the names of the persons comprising such company. The result of this is that any foreigner can purchase shares in any American navigation company, and not a vessel of their fleet will thereby lose American registration and American protection; but if a foreigner became the owner of the smallest fraction of a 100-ton steamboat, plying between Key West and Habana, the registration of such vessel would be immediately vitiated.

If a Sunday school or a picnic party, out on an excursion, happen to come into an American port on a foreign (Canadian) vessel (as was recently the case on one of our upper lakes) for mere temporary and pleasure purposes, the vessel is liable to a tonnage tax; and a libel against the vessel, instituted by an overzealous official for its payment, was decided by the Treasury Department (August, 1876) to be a proceeding which the Government must enforce.

14. By the act of June 6, 1872, all materials necessary for the construction of vessels built in the United States for the purpose of foreign trade may be imported and used free of duty. But no American vessel receiving the benefit of this act can engage in the American coasting trade for more than two months in any one year without payment of the duties which have been remitted.

15. The several ports of the United States are classified by districts; and in each district one port is designated by statute as a "port of entry," and others as "ports of delivery." All vessels, on arriving from a foreign country in any district, must first report at the established port of entry, and there conform to the details of the customs-house service; after which the vessel, if American, can proceed, if desired, to any port of delivery in the district for the purpose of unloading. But if the vessel be foreign, it can only discharge at the port of entry, even though its cargo be imported exclusively for the use of American citizens at a port of delivery. A ship, therefore, may pass almost within hail of the point of destination of its cargo, and yet be compelled to unload many miles away, thus necessitating reshipping and repeated handling at much additional expense. Thus, the customs district of Boston and Charleston comprises only one port of entry—Boston—while Cambridge, Medford, Hingham, Cohasset, etc., are all ports of delivery only. If a foreign vessel arrives from abroad with a cargo of hemp for Hingham, instead of proceeding direct to the wharf at that port, she must first sail right by, enter herself and cargo in Boston, and then make at a Boston wharf, when the goods may be reshipped by packet or railroad for Hingham. Again, if a foreign vessel is loaded with a cargo for Saybrook, a port of delivery at the mouth of the Connecticut River, she must pass directly by her destination, and proceed 40 miles up the river—often with difficulty navigable—to Middletown, the port of entry for the district, and there discharge and provide for the recon-

veyance of her cargo by some other method of transportation to the place where it is wanted.

The following will also illustrate in some degree the manner in which the navigation laws of the United States have been executed:

All vessels of the United States engaged in the coasting trade are required to be enrolled and licensed; and vessels engaging in trade and transportation without previously procuring such enrollment or license are liable to seizure and heavy penalties. On the east bank of the Hudson, in the City of Troy, State of New York, there are extensive ironworks, the coal and ore supplies for which are largely transported over the Erie and Champlain Canals. Boats coming down these canals loaded with such supplies are locked into the Hudson at West Troy, a point on the west bank nearly opposite to the furnaces; then, after crossing the river, delivering their freight, and recrossing, reenter the canal, and return on their route for another similar cargo. Some years ago the officials of the United States Treasury Department decided that under our navigation laws this temporary entry of boats from the canals into the Hudson for the purpose of delivering cargo, and their subsequent return into the canal, constituted a coasting voyage, for the engaging in which it was obligatory on the owners of the canal boats to have previously taken out a license. Of course the owners, not anticipating any such official interpretation of the law, had not provided themselves with licenses; but this nevertheless did not prevent a large number of boats from being seized and libeled for violation of the navigation laws, from which they were only released after expensive and annoying litigation and the payment of considerable sums in the way of costs or penalties.

MR. CHAMBERLAIN. My letter to Senator Fletcher was as follows [reading:]

WASHINGTON, D. C., October 14, 1915.

HON. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

DEAR SENATOR FLETCHER: At your recent call at this office to inquire about changes in the "antiquated navigation laws," I told you that many of those who discuss questions relating to the American mercantile marine seem to overlook the many desirable changes in the old navigation laws, effected by Congress between the years 1895 and 1914.

The Democratic national platform of 1880 favored "free ships and a living chance for American commerce on the seas and on the land." This plank, as I recall it, was drawn by Col. Henry Watterson of the Louisville Courier Journal, and that paper and the New York World, then edited by Mr. W. H. Hurlburt, undertook an active campaign in behalf of changes in the navigation laws and more particularly the old registry act, which prohibited the American flag and register to vessels, except those built in the United States. This movement had the support of the leading Democrats of that time, like Senator Beck of Kentucky, Senators Vest and Cockrell of Missouri, Lamar of Mississippi, and the strong support of President Cleveland during his second administration. The "free ship" plank of 1880 meant the admission of foreign-built ships to American registry, which was not fully carried out until the act of August 18, 1914. The ship registry bill of 1914 was in effect the tardy fulfillment of a party pledge and was an emergency war measure only in the sense that war conditions made plain to every one in Congress the desirability of its enactment.

To promote the reform of our navigation laws favored in the national platform of 1880, Mr. David A. Wells, cooperating with Mr. Hurlburt of the New York World and Col. Watterson of the Louisville Courier Journal, prepared a series of articles criticizing the navigation laws of the early years of the Republic. These articles appear in the World in 1881, and were afterwards assembled in a little book called "Our merchant marine. How it rose, increased, became great, declined, and decayed. With an inquiry into the conditions essential to its resuscitation and future prosperity," published in the series of Questions of the Day, by Putman's Sons, New York, in 1890. This book is still the standard textbook of those who condemn the antiquated navigation laws, although practically every law criticized in the publication has been repealed or greatly changed since 1894.

Mr. Wells subjected 15 statutes to destructive, and in most cases, deserved, criticism, and I wish to summarize for you now what Congress has done with these several laws.

1. Section 4134, Revised Statutes, provided that an American vessel ceased to be such if owned in part by a person naturalized in the United States who, after acquiring such ownership, resided for two years in a foreign country. This section was repealed by section 16 of the act of March 3, 1897.

2. Section 4133, Revised Statutes, provided that if a native-born American citizen owning any share in an American vessel took up his residence abroad, the vessel ceased to be an American vessel. This section was repealed by section 16 of the act of March 3, 1897.

3. Section 4142 of the Revised Statutes provided that every citizen of the United States in registering an American vessel must make oath "that there is no subject or citizen of any foreign power or state directly or indirectly, by way of trust or confidence, or otherwise, interested in such vessel or in the profits thereof." Under a ruling of Hugh McCulloch, Secretary of the Treasury, January 30, 1869, this oath is not required in the case of vessels owned by corporations. Foreign capital to an indefinite extent may be invested in corporations owning American ships, and, as you are aware, practically all ocean steamers are owned by corporations under modern business conditions. Secretary McCulloch's ruling was reaffirmed by Attorney General Brewster and again by Attorney General Wickersham, and the criticism of section 4142, under current conditions of ownership, has very narrow application.

That was true at that time, and it is true now. I must say in justice to a man who really did a great public service.

4. Section 4165 of the Revised Statutes provided that an American vessel once sold to a foreigner can not again receive American registry. This section was materially modified by section 10 of the act of March 3, 1897, and was entirely repealed by the act of March 4, 1915 to provide for provisional certificate of registry of vessels abroad.

5. The act of March 6, 1872, provided that material necessary for the construction of vessels built in the United States for foreign trade may be imported free of duty, but American vessels receiving the benefit of this act can engage in the coasting trade only two months in the year. The Payne-Aldrich tariff extended this coasting privilege to six months in the year and the Panama Canal act of 1912 and the Underwood tariff provided for the admission, free of duty, of materials for the construction of ships, regardless of whether the ships be engaged in the foreign or in the coasting trade.

6. Section 4219, Revised Statutes, required every vessel to pay tonnage tax at the rate of 30 cents per ton. By the acts of 1884 and 1886 the rate was reduced to 6 cents a ton on vessels from transoceanic ports and 3 cents a ton on vessels from near-by ports, payable not to exceed five times a year, and this lower rate of 3 cents a ton was reduced to 2 cents by the Payne Tariff Act. In fact, tonnage dues levied in the United States are now materially less than the corresponding charges levied in the ports of all European nations. They amount nowadays to an annual charge of about \$1,200,000 on a seaborne commerce of the United States valued last year at \$3,957,000,000.

That was written in October, and I think the revised figures for the foreign trade make it about \$4,000,000,000.

7. Section 3114 of the Revised Statutes provides a duty of 50 per cent ad valorem on repairs to American ships abroad. Mr. Wells did not state correctly the provisions of section 3114, which applies only to repairs of Great Lakes vessels in Canadian ports.

That never had any application to repairs on the seaboard at all, but Mr. Wells' oversight was natural, because in reading the text of section 3114 anybody would have drawn the same conclusion that he did.

There is no duty on the repairs to American sea-going vessels effected in foreign ports.

8. Section 3095 of the Revised Statutes provides that a vessel under 30 tons can not be used to import anything at a seaboard port. This statement is only partially correct as it does not apply to ports adjacent to the Dominion of Canada on the north, or to Mexico on the south, and very small vessels under 30 tons, of course, are not suitable for foreign voyages, except between our border ports and the adjacent ports of Canada and Mexico by sea.

In other words, I did not think that criticism at that time was a valid one. The law remains unchanged.

9. The system of ports of entry, subports, and ports of delivery, established by various sections of the Revised Statutes, was criticized by Mr. Wells with good rea-

son. This system was completely changed by the reorganization of customs districts, carried through by Representative Fitzgerald and approved by the President Taft at the end of his administration.

10. Section 4131, Revised Statutes. An alien may not act as officer of a registered American vessel. This was partially repealed by section 2 of the ship registry act of August 18, 1914, and by the President's order of September 4, issued pursuant to that section. Congress at the coming session will doubtless determine a permanent policy on this subject.

11. Section 4132 prohibits an American citizen from registering a foreign-built vessel. This law was partially repealed by the Panama Canal act of 1912, and entirely repealed by the ship registry act or free ship act of August 18, 1914.

The exemptions, you will recall, under the presidential order apply in most cases only for two years. That period will run out in September, and I assume that this committee, if it has not now, will have under consideration the determination of a definite policy. That will be very desirable, of course, if the registry law is to remain to be practically effective.

12. Section 4136 of the Revised Statutes provides for American registry for a foreign-built ship, wrecked in the United States, if repairs equaling three-fourths of the cost of the vessel are effected on the wreck in American yards. So far as vessels in the foreign trade are concerned, that section is a dead letter, as the wreck can be admitted to American registry for foreign trade regardless of the amount of repairs. The old law was reenacted, so far as the coastwise trade is concerned, by the act of February 24, 1915.

13. Mr. Wells in his eleventh point deals with the importation of equipment, such as rudders, shafts, etc., for foreign vessels. It has nothing to do with the American merchant marine, although it does relate to American commerce. Section 17 of the act of March 3, 1897, permitted the transfer, free of duty, of articles for the legitimate equipment of vessels belonging to regular lines engaged in foreign trade from one vessel to another vessel of the same owner.

You see, that is a limited repeal of that requirement, but it deals with foreign vessels only and not with our own.

14. Section 4347, Revised Statutes. Foreign-built vessels can not engage in the coasting trade of the United States. This is the only feature of our navigation laws, designed to protect American shipbuilding, which remains on the statute books. It does not, of course, affect the American merchant marine in the foreign trade.

Mr. HARDY. Was that one of Mr. Wells's criticisms?

Mr. CHAMBERLAIN. Yes, Judge Hardy; it was.

Mr. HARDY. The fact is, we limited our coastwise trade strictly to domestic-built vessels?

Mr. CHAMBERLAIN. Yes, sir. [Reading:]

15. NOTE.—Mr. Wells's criticism of section 2501 of the Revised Statutes (importation of articles east of the Cape of Good Hope) requires no discussion, as the section was repealed on January 18, 1883, as noted in Mr. Wells's book.

The campaign for the revision of the navigation laws, begun in 1880, you will see, has been carried to a successful conclusion, of which some of the very recent volunteers to the cause do not seem to be aware.

Sincerely yours,

E. T. CHAMBERLAIN, *Commissioner*.

That is the argument, as I understand it, of the greater part of the criticism of our so-called "antiquated navigation laws." From time to time Congress has taken these laws up and revised them and, so that now the two important remaining ones which Mr. Wells criticized, are the reservation of coasting trade to American vessels—and I do not think there is any very strong disposition to change that—and the restriction of the nationality of officers of our ships. That, of course, is a question of large policy. Some important maritime

nations do not have restrictions of that kind, but I shall not take the time to go into that.

Mr. GREENE. If I may interrupt you, in what way did the 30 cents tonnage tax hinder American vessels?

Mr. CHAMBERLAIN. It could not have hindered them at all; it is applied equally to American and foreign ships. As a matter of fact, as I have stated, the present rates are very much less than those that are charged anywhere else in the world, so far as I am aware, and I have given the matter, of course, some attention.

Mr. GREENE. Does this apply to foreign ships?

Mr. CHAMBERLAIN. Oh, yes; absolutely. It is a matter of entire equality under our treaties. The exceptions are those nations with which we do not have treaties. There is a special tonnage tax on them.

Mr. EDMONDS. Mr. Chamberlain, will you tell us now what nations open their coastwise trade to foreign ships?

Mr. CHAMBERLAIN. As I recall it, the only nation which does that absolutely is the United Kingdom, not the Provinces and self-governing dominions of the British Empire.

Mr. HARDY. Let me understand the question. Do you mean nations that open their trade to foreign flags or to foreign-built ships?

Mr. EDMONDS. Foreign-built ships in the coastwise trade.

Mr. CHAMBERLAIN. I understand the question to refer to foreign flags.

Mr. HARDY. In other words, what I want to get at is this: Does not England in regard to Great Britain and Ireland reserve that trade to herself?

Mr. CHAMBERLAIN. That is the one exception. That is entirely open to the ships under any flag.

Mr. HARDY. Can American ships trade between Glasgow and Liverpool?

Mr. CHAMBERLAIN. Absolutely.

Mr. HARDY. Can they trade between the Dominion of Canada and England?

Mr. CHAMBERLAIN. Yes; we can trade between Canada and England, but we can not go from one Canadian port to another Canadian port. Between the Dominion of Canada and England, so far as British and Canadian laws are concerned, navigation is precisely the same as navigation between England and some foreign country; and so far as Canada is concerned, it is the same as navigation between Canada and a foreign country.

Mr. HARDY. Then an American ship could trade between English ports?

Mr. CHAMBERLAIN. United Kingdom ports.

Mr. HARDY. Yes; United Kingdom ports. Or it could trade between Montreal and Liverpool without any difficulty?

Mr. CHAMBERLAIN. Oh, yes.

Mr. HARDY. But there is no other nation that does not reserve its coastwise business to itself?

Mr. CHAMBERLAIN. The rule that most nations have—there are some slight exceptions—is the rule of reciprocity: "We will allow your ships to go into our coasting trade if you will allow our ships to go into your coasting trade." But if you will stop to think of the vast difference in coasting trades you will see that reciprocity in

some instances would be a matter of swapping dollars for cents. For example, what is the coast of Germany? It is practically nothing. On the North Sea, it is less than 200 miles, I am sure, and I think it is in the neighborhood of 150 miles. Now, you see, the entrance into that trade would be a privilege that would not be worth having.

Mr. LOUD. Would it be permissible for an American ship to take a cargo from Quebec, for instance, to Vancouver?

Mr. CHAMBERLAIN. No. That, you see, is between two Canadian ports.

Mr. LOUD. That is what I am getting at.

Mr. CHAMBERLAIN. Here is the rule of Canada and the other British self-governing dominions: That the ships of any nation can engage in the coasting trade of Canada between Canadian ports if the other nation will admit ships under the British flag to engage in its coasting trade. Norway, for example, has such an arrangement. The ships of Norway can carry between Canadian ports, and in return for that privilege British ships are permitted to carry between ports on the coast of Norway.

Mr. HARDY. How many treaties of comity of that kind has England now, and with what countries?

Mr. CHAMBERLAIN. There are seven or eight of them. I have the list at my office.

Mr. LOUD. What have you to say as to the detrimental effect upon our merchant marine of the existing laws as to tonnage?

Mr. CURRY. Before you get away from this point I should like to ask you this: You have stated that an American ship may engage in the coastwise trade of the United Kingdom; that is, England, Scotland, Wales, and Ireland. Is it not true that Great Britain practically protects her coastwise trade by charging a larger tonnage tax and port dues on foreign ships in that trade than it charges the British vessels?

Mr. CHAMBERLAIN. I have never heard of it.

Mr. CURRY. I have heard that, and you ought to be in a position to know.

Mr. CHAMBERLAIN. If you will show me your authority for that I may be able to look it up.

Mr. CURRY. You can find it out from the British Board of Trade Rules and the port rules.

Mr. CHAMBERLAIN. We have both of those at the office and I have given them some attention.

Mr. HARDY. Have we not a treaty with Great Britain which directly forbids her charging heavier dues to our ships than to her own?

Mr. CHAMBERLAIN. Since 1815, I think it is.

Mr. HARDY. 1828.

Mr. CHAMBERLAIN. I do not think there is anything of that kind.

Mr. CURRY. How about light charges?

Mr. CHAMBERLAIN. Those are not heavy. The British changed their law to correspond with our law as nearly as you can reduce shillings to cents. I think where we charge 30 cents they charge 28½ cents—as near as they can get it.

Now, Mr. Chairman, there has been recently a real effort made to criticize the navigation laws, and I have it here. It was the effort

made by a committee of which Capt. Dollar was one member and Capt. Allan Lockhurst, American superintendent of the International Mercantile Marine Co., was another. There were one or two other members whose names at this moment I do not recall. They were appointed, you will all recall, shortly after the outbreak of the war. There was quite an assemblage here at Secretary McAdoo's office to take up shipping and other matters. They reduced their criticisms to writing, and I have prepared copies for the members of the committee. I might say that the references to the navigation laws are to the edition of 1911 and not the new edition of 1915, and I think you gentlemen have them. [Reading:]

After we have permission to import foreign-built ships and give them the American flag the next and all-important consideration is that we must have our laws amended and changed so as to permit us to successfully operate our ships in the foreign trade in competition with those of all nations. The American shipowner asks no advantage of any kind or description over foreign competitors, but we must be put on a fair competitive basis. Therefore the following changes are essential and necessary:

Page 30 of navigation laws:

The measurement to be changed to conform to the standard of Great Britain, so that the American ships will have the same measurement.

Page 54, section 62, of navigation laws:

Any officer serving on foreign ships that will be transferred to the American register shall be entitled to serve in a like capacity for one year. At the expiration of one year, if he shall have declared his intention of becoming an American citizen, then on examination he can get American papers.

The President's order, as you all well know, covers that for the time being. The permanent policy, I take it, will be settled by this committee and by Congress.

Mr. GREENE. Is not that determined by the President for a term of years—seven years?

Mr. CHAMBERLAIN. Yes; it is determined as to the continuance of officers that are on ships which have been admitted or that will be admitted up to September. After that it does not hold.

Mr. GREENE. But it runs for the term of seven years?

Mr. CHAMBERLAIN. For those that are now on board; yes.

Page 116 of navigation laws, fusible plugs:

Inasmuch as these are not required or used by the ships of any other country, these should be abandoned.

That is a matter that is entirely within the jurisdiction of the inspection service and I am not competent to express any opinion on the subject.

Mr. HARDY. It is a very trivial matter, is it not?

Mr. CHAMBERLAIN. It is not a large matter. It certainly can not be called a handicap on the American merchant marine.

Mr. HARDY. Can you tell us just what a fusible plug is?

Mr. CHAMBERLAIN. It is a little plug of brass with a soft metal inside of it that will melt as the temperature rises, I do not remember to what degree, but at what is assumed to be the danger point.

The CHAIRMAN. Capt. McAllister, will you explain that for us?

Capt. McALLISTER. This fusible plug is a precautionary measure that they use for boilers. In the table sheet in the back connection of the Scotch boiler they insert a little plug. In the interior of this plug is a composition of metals which melt easily. If the water gets down below this plug the temperature rises so high as to melt this fusible alloy, and that will blow out and give warning that the water is low.

The CHAIRMAN. That is in the interest of safety?

Capt. McALLISTER. That is in the interest of safety; but there is no ship in the United States Navy using it to-day, and there is no revenue cutter which uses it to-day. They have other precautionary measures which do not make it necessary.

Mr. HARDY. It is nothing but a safety valve?

Capt. McALLISTER. It is really a little safety appliance; yes, sir. they cost from \$3 to \$5 apiece. They are not expensive, but what the ship people complain of is the delay and bother of fitting them. They have to insert new plugs each year, and they have to cool the boilers down to put them in. It is more bother than expense really.

Mr. CURRY. And it involves delay?

Capt. McALLISTER. Delay; yes, sir.

The CHAIRMAN. It could be dispensed with without militating against safety?

Capt. McALLISTER. As I say, the United States Navy and the Coast Patrol dispensed with them long ago.

Mr. HARDY. What do they have in lieu of them?

Capt. McALLISTER. We simply watch the water. We have water gauges and gauge cocks, and we do not allow the water to get down.

Mr. HARDY. Is it not very necessary, with a man that is not particularly careful that he be provided with a sort of automatic safety valve?

Capt. McALLISTER. There should be no steam boilers operated that do not have men to watch them all the time.

Mr. CURRY. Are there any engineers employed in the American merchant marine that are not qualified?

Capt. McALLISTER. I think the engineers in the American merchant marine are the equal of any anywhere.

Mr. CURRY. It takes a man from 10 to 15 years to work up to be an engineer. By that time if he does not know his business he ought to get out?

Capt. McALLISTER. I think so.

Mr. EDMONDS. Do not our navigation laws require water tenders?

Capt. McALLISTER. I think they do; and they are very essential men, too.

Mr. EDMONDS. That is one of the things complained of. With fusible plugs and water tenders both we ought to have pretty safe boilers.

Mr. HARDY. It is just suggested to me here that we had a vessel last year where the fusible plug failed to fuse, and the result was an explosion of the boiler with the killing of eight men, on the Ohio River. It seems to me we need some safety device of that kind.

Mr. CURRY. This is a rule of the department. Sometimes the laws are blamed for what possibly are proper rules of the department. The water tender is not required by law. No foreign government requires, either by their rules or by law, water tenders on ships. Our rules of the department do require them. So that is an extra expense; it is simply an expense that is provided for by the rules of the department and could be rectified by repealing the rules. If they ought to be retained, they should be retained.

Mr. CHAMBERLAIN. The plugs are a statutory provision.

Mr. CURRY. But the water tenders are simply a regulation of the department?

Mr. CHAMBERLAIN. Quite so. [Reading:]

Page 118, section 128, of navigation laws:

In importing ships it will be impossible to have the places stamped previous to the construction of the boiler; therefore this should be modified so as to accept stamping and certificate of the nation under whose supervision the boilers are built; in other words, the steamer as she stands with her country's certificate shall be accepted.

This, you will find, is covered by the act of March 3, 1897. It covers that fact quite fully. These gentlemen seem to have overlooked that.

Page 119, section 131, of navigation laws:

Our law provides that once a year there shall be applied a hydrostatic pressure equal to one and one-half the steam pressure. Except Canada, this is not required by any other nation; therefore this should be given up except in the case where the inspector thinks the boiler from any cause has been weakened.

That is purely the steamboat-inspection statute, and I do not feel competent to express any opinion on the subject whatever. It has been a matter of discussion off and on for years. You will recall that there was some talk of that over at the London conference from time to time.

Page 123, section 133, of navigation laws:

All steel ships should have the bulkheads run from the tank top up to the main or weather deck. All such vessels should have a water-tight double bottom. No vessel that will be built hereafter to carry passengers shall be permitted to do so without having a double bottom.

Without going into the merits of that proposition, it is not in the law now. It certainly is not a handicap to American ships. It is not an "antiquated navigation law"; it is a new bill that you may deem it wise to enact.

The CHAIRMAN. And if we carry out the international convention on safety devices at sea with reference to the construction of new ships, all nations will approve the construction in the interest of safety.

Mr. CHAMBERLAIN. It will be amply covered, and a great many other things, too.

Page 132, section 139, of Navigation Laws:

Vessels not permitted to carry passengers or those having passenger certificates for limited number should be allowed to carry workmen from one place to another in the United States where they will be required to handle cargo or while doing repair work on the ship.

That is permissible now, and I do not quite see the point of the criticism.

Mr. HARDY. They must have had the idea that our coastwise navigation laws forbid it—about which I do not know?

Mr. CHAMBERLAIN. This just refers to men who are engaged in repair work on the ship. They are not passengers in any sense of the word.

Mr. HARDY. Your idea is that under the law as it exists one of these vessels, while it could not carry passengers from one port to another, could on its return voyage, for instance, from New York to Galveston, carry workmen?

Mr. CHAMBERLAIN. I have never heard of a case where a vessel went quite that distance. Usually they go just a short distance, as

from the dock to a repair yard which is somewhere near by. Very seldom is it farther than from New York to some of the Delaware Bay shipyards, and sometimes not even that far.

Mr. HARDY. Strictly speaking, those men are passengers, are they not?

Mr. CHAMBERLAIN. I think that may be a question. I am very sure we have held in the case of stevedores that they are not, and if this case came up I think there would be a similar ruling. At all events, you will see it is such a detail, a thing that happens so seldom, it can not, it seems to me, be charged as a serious statutory drawback on the development of American shipping.

Page 134, section 140, of navigation laws:

The law at present is that when a ship's inspection certificate expires she must stop at the United States port that she is in, even if there are no inspectors there but have to come from a distant port. All vessels should be permitted to go to their home port for inspection, provided that the time occupied does not exceed 15 days. Owners then are able to look after and superintend the repairs which generally can be done cheaper and quicker at the home port than at other places.

That is also a matter of sufficient inspection laws, about which I really do not care to express any opinion. Of course it is perfectly obvious that if you have enough inspectors that situation will not arise.

Mr. CURRY. You are the head of that department?

Mr. CHAMBERLAIN. Not of steamboat inspection; that is quite distinct. Gen. Uhler is the head.

Page 136, section 141, of navigation laws:

This provides that the licensed officers must point out all the defects and imperfections known to them, in the hull, equipment, and boilers.

Mr. GREENE. That is a recent law?

Mr. CHAMBERLAIN. That was just passed a short time ago.

This should read that on arrival at any port they shall immediately communicate with the owners and report any defects or imperfections in the ship as well as to report to the inspectors.

That is not "antiquated," because that was only passed a year ago.

Mr. GREENE. Would it not be wise to add that to this provision, "that licensed officers must point out all defects immediately." Would it not be wise to have them do it at once rather than to have them delay until they get ready to sail?

Mr. CHAMBERLAIN. My recollection is—although that is also a steamboat-inspection rule and I ought not to say anything about it—that this was substantially the law until it was changed about a year or so ago.

The CHAIRMAN. The only change in the law—if I know what you are referring to—is this: Officers on vessels may complain of defects or insufficient equipment directly to the inspector and without having knowledge of the fact come to the ship owner. Heretofore the officer has been under restraint; he was afraid to make complaint for fear he would be discharged. Now, if a communication is made to the inspector the inspector, of course, verifies for himself whether or not the conditions exist. It is to prevent that restraint on the captain and at the same time to insure safety to the ships.

Mr. GREENE. I do not object to that at all, but from what Mr. Chamberlain read I thought it would be wise to provide that when

vessel arrived in port these defects should be reported at once rather than delay until the vessel was about ready to sail and then report a defect and have to wait and get it fixed.

Mr. CHAMBERLAIN. An officer ought to do that anyway, without having an act of Congress to tell him to do so.

Mr. GREENE. I think so myself, but it ought to be provided that the defects shall be remedied when the vessel arrives in port rather than allow it to be delayed until they get ready to sail. There ought to be some definite time.

Mr. CHAMBERLAIN (reading):

Page 136, section 141 of navigation laws:

After the licensed officer has signed the articles he should be compelled to proceed with the ship unless through sickness or some reasonable cause.

That in a sense is a criticism of the lack of law, not a criticism of an existing law. That is a steamboat-inspection matter—all matters pertaining to licensed officers are—and you would not expect me to go into a question of that kind.

Page 166, section 183 of navigation laws:

This section provides that it will be illegal for any person to board a ship until she is completely moored without permission of the master. This should read that no person should be allowed to board a ship at anchorage or dock or any place where she is without first having obtained the consent of the captain or the officer in charge. The penalty provided for in this section should remain.

That does not seem to me to be necessarily a matter for legislation at all. That is a matter of the discipline of the ship. If the captain chooses to say you can not come on board, you can not, and that is all there is to it. That is the way it works practically. So far as the large companies are concerned which have extensive docks and piers, they have fences, as you will recall, and a man can not get on the pier unless he has a pass, which is a perfectly proper matter of internal administration of the company or the ship. It hardly seems to me to be worthy of the dignity of congressional action when men can do it themselves. But you may think differently about that.

Mr. CERRY. Under the police regulations of some States, are not the captains required to permit certain people aboard?

Mr. CHAMBERLAIN. Only those who come for public purposes, such as quarantine officers and it is perfectly proper they should. I do not think that is what the criticism means.

Mr. EDMONDS. They can not fence off a wharf in most States, because the State law says that the opening to a water front is public property, and they must provide passageway through there for anybody that has business there. I have been forced, in the case of a wharf of mine in Philadelphia, to have an open gate at all times and a watchman to let people in and out. If they want to have access to a boat, we have to let them go in.

Mr. CHAMBERLAIN. But you do not lease the wharf?

Mr. EDMONDS. I lease the wharf, and I am forced to put a watchman there and have an open gateway there to let people go in and out that have boats moored there or are going to have boats moored there. That is a State regulation of Pennsylvania.

The CHAIRMAN. It is very desirable, too, is it not?

Mr. EDMONDS. Yes; but I really think a captain should have the privilege, and that he has the privilege, of preventing anybody from getting on his boat.

Mr. CHAMBERLAIN. The matter did not strike me generally as a proper subject for Federal legislation. [Reading:]

Pages 118 and 119, section 129, of navigation laws, revised edition, April 5, 1913:

This provides that the local inspectors shall designate the number of officers and engineer's crew that are necessary for the safe navigation of the ship—

All this part has been modified in some respects by the passage of the seamen's act—

On American ships they have been putting on considerably more men, especially in the engine room, than are carried by foreign ships. The number of men that they should put on should be limited to the same number that all similar foreign ships are permanently carrying.

That, in so far as it is a valid criticism, is not a criticism of the law but a criticism of the acts of individual inspectors here and there, which are always subject to review, first, by the supervising inspector of the district, and then in the last analysis by appeal to the Supervising Inspector General at Washington. It certainly is not a valid criticism against the law; it may at times be a valid criticism against the acts of individual inspectors.

Mr. HARDY. Would it not be a very strange law if we told our inspectors, "You must conform to what some other country does with reference to the number of officers?"

Mr. CHAMBERLAIN. I think it would be a very difficult law to enforce.

Mr. HARDY. And it would be next to a "fool" law, would it not?

Mr. CHAMBERLAIN. If it were a fool law, I can not believe for a minute that Congress would pass it, Judge. It might be a fool bill. [Laughter.]

This next paragraph will particularly interest you, Judge:

On page 2 of the Revised Statutes, which requires that all ships of a thousand tons or over shall carry three mates, this should be changed to read 2,000 tons shall carry three mates.

That, I take it, is a reference to the Hardy mates act.

Mr. HARDY. Not an antiquated law, at any rate?

Mr. CHAMBERLAIN. It is not antiquated; we all know that.

Mr. EDMONDS. Do these shipowners recommend that?

Mr. CHAMBERLAIN. This is their criticism of the "antiquated navigation laws" that was submitted.

Mr. GREENE. I suppose they think that our friend Hardy's law ought to have been antiquated.

Mr. CHAMBERLAIN. There is a great deal to be said on that subject, by the way, some time or other.

Mr. HARDY. That is the law that cast its shadow before it and destroyed our merchant marine before it was enacted.

Mr. CHAMBERLAIN [reading]:

Temporary register of a ship: Rules and regulations should be laid down so that, as in the present crisis caused by the European war, a ship should be able to obtain the American flag without any delay while in a foreign port to bring her temporarily to this country.

That bill was under way at the time this criticism was written. It was passed, and is the act of March 4, 1915. So of course that criticism should be withdrawn.

Apprentices: Any ship carrying American boys as apprentices should have a rebate from her tonnage dues amounting to \$50 a year for every apprentice carried.

You can take that for what it is worth. I will not go into that.

A continuous discharge certificate book shall be carried by all men in the merchant marine service, which is a certificate of character and efficiency showing on what ships the man has served and the time. This is essential, as it will make it easier to get efficient and competent men.

I might say that a great many years ago I tried to carry out a scheme of this kind, but its success, you will see, depends on the seaman keeping the book and his discharges.

Mr. GREENE. They keep them in the Navy apparently.

Mr. CHAMBERLAIN. They do, because they get all sorts of privileges as the result of keeping them. I was rather sanguine in those days, when I was much younger than I am now, that the men would take this up, because on the basis of these certificates of discharge a man gets admission, for example, into Sailors' Snug Harbor, New York, and they get other advantages in the way of marine-hospital treatment and all that sort of thing; but as a voluntary proposition it failed. That of course is a matter that can not be carried out very successfully unless the seamen themselves are willing to keep these books.

Mr. GREENE. They do in the Navy.

Mr. CHAMBERLAIN. But the Navy conditions and the merchant marine conditions are quite different. [Reading:]

Where licensed officers and engineers combine to compel us to put on more men on board the ship than the ship's license calls for, some drastic measures should be taken to deal with licenses.

That is another licensed-officer matter and comes under the Steamboat Inspection Service. That, of course, is a matter of combination of men, and I do not know to what extent the statute could regulate that if you tried. And then there is the question of the disposition to do it.

Stowaways. They should be prosecuted for trespass and imprisoned.

There has been a bill to that effect before Congress off and on for a number of years.

The CHAIRMAN. I have the draft of a bill here now. I have not had time to work it out, but it ought to be stopped.

Mr. CHAMBERLAIN. If there is ever time to consider it I do not think there will be serious opposition. It is one of those things that has not attracted attention.

That is a summary of the objections of several gentlemen who are certainly among the most competent men to criticize the navigation laws, and it was the result of careful study. I take it that it fairly represents the criticism—

Mr. HARDY. As a serious criticism it is almost comical, is it not? That is my opinion.

Mr. CURRY. There is one thing here I am very much interested in and I would like to get some information on it. I have been trying to get information and I have not been able to. That is the proposition of how the American system of registration handicaps, so far as cost of operation is concerned, American ships in foreign ports.

Mr. CHAMBERLAIN. I have reserved the matter of measurement for the last, because it is a matter quite apart.

Mr. CURRY. You mentioned this measurement proposition at the

Mr. CHAMBERLAIN. Yes; and I have reserved that to this time, and I will go ahead now if you wish. The criticism is not at the present time a valid one, because we have almost identically the measurement regulations of the United Kingdom. Our laws, in fact, will give certain kinds of ships less tonnage than the British laws do. The Secretary, Mr. Redfield, referred to that yesterday. It will give the ships less tonnage in these respects—

Mr. CURRY. That is one of the direct charges against the laws, and and I have not been able to find out wherein it is detrimental to the American ships.

Mr. CHAMBERLAIN. I do not think it is. There have been times when it was—

Mr. CURRY. Please take your time so we can get this information. It is not only for us but for people who are probably misinformed on this proposition.

Mr. HARDY. We want you to make that as clear as you can.

Mr. CHAMBERLAIN. In the first place, in considering the matter of ship's tonnage you want to dismiss from your mind all thought of weight. The term "ton" has not anything to do with weight at all. It refers to the cubic contents of the ship, 100 cubic feet to the ton. The gross tonnage is the entire cubical contents of the ship. That cubical content is made up of two kinds of spaces: The spaces that result in a revenue to the ship—namely, those that are devoted to the carrying of cargo and the carrying of passengers, from which the ship makes money; and the spaces that cost money—namely, the spaces occupied by the crew, the spaces occupied by the engines, the bunkers, the coal for the boilers to make the steam, and a few minor matters, such as the boatswain's stores, the chart room, and several other details.

Mr. CURRY. The entire gross tonnage of the ship includes the cubical contents of the interior of the ship, added to which is the cubical contents of everything on the deck of the ship that is inclosed, figured on the basis of 100 cubic feet to the ton.

Mr. CHAMBERLAIN. Permanently inclosed. That is the gross tonnage. Now, that being determined by measurement, you next determine what to take out. The engine-room spaces, the bunkers, the crew's quarters, and these other minor matters are measured and taken out from the gross tonnage. What is left is the net registered tonnage, on which most ship charges are imposed—for example, our tonnage taxes in this country. They are about the only Federal charges that we will have.

To go back again, the system now in general use by maritime nations—I do not think there is any exception to it—is what is called the Moorsom system, which was developed in England in 1855 or 1856 by a man named Moorsom, although its foundation was laid by a French marine architect.

The chances for difference in the application of the system arise from the necessary ambiguity of the words. You can not very well help that. Up to 1882 the laws of the United States provided simply for the ascertainment of the gross tonnage. We made no deductions whatever to determine the net tonnage. Consequently up to 1882 the American ship would pay charges on its entire cubical contents; the foreign ship, more particularly the British ship, would not. It would pay on the remainder after the machinery spaces and all that

sort of thing had been deducted. It would pay only on the net tonnage. At that time the criticism of our measurement laws would have been perfectly valid, and it was a very important factor. Congress in 1882 corrected that in part.

A sailing vessel, of course, is pretty nearly all cargo space. The amount that is required for the crew, for the boatswain's stores, and that sort of thing, is very small, so you can dismiss that. That is the same everywhere, and there has never been any question about that, so far as I know.

When you come to the deductions for engines and the accompanying coal bunkers there are two distinct rules which are really quite radically different. Without going into the details, because they are quite elaborate—I might say that this matter was taken up fully in my report for 1911 if anybody has curiosity enough to go into it.

The two rules for the deduction of propelling power are called, first, the Danube rule, and, second, the board of trade rule, which is the rule employed by the British Government and it has been pretty generally adopted. Without going into all the details of the differences between the two systems I will say that the Danube rule in the case of most ships makes a much less deduction for propelling power, and consequently it increases the net tonnage on which charges are paid. The act of 1882 which I spoke of applied the Danube rule. In other words, it reduced but continued the handicap. Before 1882 we did not have any deductions. It was an improvement, but it did not bring our law up to the current British practice and the practice of most other maritime nations. The Danube rule is the rule applied under the Suez Canal measurement and the Panama Canal measurement. Those are money-making concerns; they want to get just as much revenue as they can, of course, so they make the smallest deduction for machinery, thus creating the largest net tonnage. By 1895 the Frye measurement law was passed, and we changed to the British Board of Trade rule, and since 1895 we have had the same rule.

The remaining factor, which is really quite important, depended on the different interpretations of the words "permanent closed-in space." That refers, of course, to spaces on the upper deck; and down in the hull of the ship. You can see there is a great chance for difference between men as to what should be regarded as permanently inclosed and what should not. For example, take this room. If you take the doors off and the windows out someone might say, "That room is not permanently inclosed; it is open there, open there, and open there." If you put the doors and windows in a man might say, "That is permanently inclosed; the windows are shut and the doors are shut." Another man might come along and say, "Oh, no; that is not permanently inclosed. You can open the doors and you can open the windows."

You might have this situation. The doors might be taken off and the windows taken out, but you might have angles running up and down the sides where you could slip in planks and call them up. Then one man would say, "Yes; that is permanently inclosed." Another man would say, "No; those things are put in there only temporarily." I am stating only the simplest of cases that occur to me; there are all sorts of chances for different interpretations of the words "permanently closed-in spaces."

Mr. CHAMBERLAIN. Yes; and I have observed that and I will go ahead now if you wish. The criticism is a present time a valid one, because we have almost no measurement regulations of the United Kingdom. Our law will give certain kinds of ships less tonnage than the United Kingdom. The Secretary, Mr. Redfield, referred to that yesterday, that the ships less tonnage in these respects.

Mr. CURRY. That is one of the direct charges against us, and I have not been able to find out wherein it is different from American ships.

Mr. CHAMBERLAIN. I do not think it is. There is no difference when it was ---

Mr. CURRY. Please take your time so we can get it straight. It is not only for us but for people who are protesting against this proposition.

Mr. HARDY. We want you to make that as clear as possible.

Mr. CHAMBERLAIN. In the first place, in considering a ship's tonnage you want to dismiss from your mind the weight. The term "ton" has not anything to do with weight. It refers to the cubic contents of the ship, 100 cubic feet. The gross tonnage is the entire cubical contents of the ship. The cubical content is made up of two kinds of spaces, which result in a revenue to the ship—namely, those that are used for the carrying of cargo and the carrying of passengers. The ship makes money; and the spaces that cost money are the spaces occupied by the crew, the spaces occupied by the bunkers, the coal for the boilers to make the steam, and other matters, such as the boatswain's stores, the clerks' quarters, and other details.

Mr. CURRY. The entire gross tonnage of the ship is the cubical contents of the interior of the ship, and the entire cubical contents of everything on the deck of the ship is figured on the basis of 100 cubic feet to the ton.

Mr. CHAMBERLAIN. Permanently included in the gross tonnage. Now, that being determined by the gross tonnage, we determine what to take out. The engine room, the crew's quarters, and these other minor details are taken out from the gross tonnage. What remains is the net tonnage, on which most ship charges are based, and the tonnage taxes in this country. They are the net tonnage charges that we will have.

To go back again, the system now in use is a very old system—the Moorsom system—I do not think there is any exception to the Moorsom system, which was developed by a man named Moorsom, although he was a French marine architect.

The chances for difference in the application of the law from the necessary ambiguity of the words are very small. Up to 1882 the laws of the United Kingdom for the ascertainment of the gross tonnage of a ship were whatever to determine the net tonnage. The American ship would pay charges on the gross tonnage, the foreign ship, more particularly the British ship, would pay on the remainder after the

modify our regulations. In fact, when we were considering the draft of the ship-registry act, you will doubtless recall, Judge, when you and Mr. Underwood were in my office, we took up the question of measurement, and I stated it was not absolutely necessary to cover that in the bill because it could be done by regulation. But it was thought desirable to put that into the law, and I have regarded that as an expression by Congress, although it was not in terms, in favor of the British rules. Also, if we did not, we would have this singular situation. We would have these 150 and odd ships that were admitted with this very considerable deduction, and our own ships—the few with shelter decks—in this country would not have it.

That act was passed August 18. Early in September we sent around word to all collectors that anybody who applied for remeasurement of these shelter-deck spaces could apply to our office for approval of remeasurement. We asked them to pass that word around among all interested persons. Nobody heeded it. Nobody applied. The truth of the matter is that we have never built very many of these shelter-deck ships—very few of them, indeed. We have adopted different types. It may be said that the reason we have not built them was that they did not have the advantage of the deduction. That may be, but there are other advantages connected with the other style of ship. The American-Hawaiian ships, for example, are not shelter-deck ships, and they are the principal cargo ships we have. They do not get the advantage of any change under this new rule; they measure the same under the British rules and under our rules. It has only been within a relatively short time that we have had any very considerable number of bulk-cargo carriers under the American flag.

Mr. CURRY. The service for deck cargoes is very small?

Mr. CHAMBERLAIN. Yes. But you are using the words "deck cargo" in one sense and I in another, and I am afraid our minds do not quite touch. You mean a cargo right out on the deck, open to the weather. I am talking about the cargo that is in these spaces.

Mr. CURRY. I mean the inclosed spaces for cargo; I am not talking about a lumber ship.

Mr. CHAMBERLAIN. I was going on to say that on September 5, 1914, right after this ship-registry act was passed, we sent word around to the collectors to advise the owner of every seagoing American steamer that he could apply for a revision of measurement on the ground that sheltered places with openings at the sides or ends had been included in the tonnage. None came in. On March 16, 1915, revised regulations on shelter decks were issued, and on July 13, 1915, these modifications were carried into a general revision of the American measurement regulations, printed in a separate pamphlet, together with the Suez Canal rules. A special form of certificate in accord with the Suez rules was also issued for American ships which may make use of that canal.

Mr. CURRY. Of course, we did not have that kind of ships built at that time. I suppose there are some of them being remeasured at present?

Mr. CHAMBERLAIN. Yes, sir.

Mr. CURRY. I would like to ask before you go if an American ship pays more tolls going through the Panama Canal than an identical sister British ship pays?

Mr. CHAMBERLAIN. I do not see how it can.

Mr. CURRY. The charge has been made that it is possible.

Mr. CHAMBERLAIN. I do not see how it can happen.

Mr. CURRY. In the foreign trade you had a rule, under the law passed March 2, 1895, that—

Upon application by the owner or master of an American vessel in foreign trade collectors of customs, under regulations to be approved by the Secretary of Commerce and Labor, are authorized to attach to the register of such vessel an appendix stating separately, for use in foreign ports, the measurement of such space or spaces as are permitted to be deducted from gross tonnage by the rules of other nations and are not permitted by the laws of the United States.

Under that section could not an American ship, even before you put the British rule into operation, have taken advantage of that section and not have had to pay more port dues or tonnage dues?

Mr. CHAMBERLAIN. Absolutely; that is what it was passed for. That is part of the act of 1895, is it not?

Mr. CURRY. Yes.

Mr. CHAMBERLAIN. It was passed for just that purpose.

Mr. CURRY. So that in reality there is nothing in the claim that an American ship is handicapped so far as cost of operation is concerned on account of the American system of measurement?

Mr. CHAMBERLAIN. I do not see how anybody can take the view that it is.

Mr. CURRY. If you will be more liberal in the future in reference to the measurement of these ships, and figure, for instance, the upper-deck space on that ship the same as they do in Great Britain, possibly there will not be. I think that is not a matter for legislation; I think it is a matter for a rule.

Mr. CHAMBERLAIN. Now, you have referred to that ship [pointing to photograph of a Clyde liner on the wall]. You speak of the passenger space above the upper deck. Under the American law those passenger spaces are not measured at all. Under the British law a British ship like that will have those cabins all measured. So we deduct a very large amount which, in the case of some of these big liners goes up to 1,000 or 2,000 tons. There we are really very much more liberal. We are too liberal. Congress passed a law years ago to exempt such passenger accommodation on Mississippi River steamboats, but it was passed in general terms, and it applies just as much to the sea as it does to the Mississippi River.

Again, the deductions for propelling machinery, in the case of very high-powered steamers more particularly, like the *Lusitania* and some of the big French ships, are so large that it will run in some cases up to 72 per cent of the entire tonnage of the ship. It got to be so large that the British Government sometime ago said, "You can not deduct more than 55 per cent for that purpose." We have not any such limitation. It has been called to the attention of Congress, but you have not had an opportunity to take that up.

Again, take that limitation on deck cargo. That is all counted in foreign ports; we do not count it at all. Instead of our laws being more severe on the subject of measurement, my dear sir, they are very, very much more liberal in those particular types of ships we are talking about.

Mr. CURRY. In the tramp ships or merchant ships, of course, you can be a little more liberal in counting out space?

Mr. CHAMBERLAIN. Not any more than we are under our regulations.

Mr. CURRY. But more than you have been. It is another evidence to my mind that these "antiquated navigation laws" are simply a matter of——

Mr. CHAMBERLAIN. Of administration, to a very large extent.

Mr. CURRY. Simply putting into operation a rule of the department.

Mr. CHAMBERLAIN. If anybody has a guilty conscience on the subject of these matters it must be men in places somewhat like the one I hold, rather than you gentlemen in Congress. There is not any doubt about that in my mind.

Mr. CURRY. And when it is likely we will appropriate \$50,000,000 for an American merchant marine, it seems to me the department of the Government for which we are appropriating should be just as liberal as possible and give these ships all the advantage they can, not only in coastwise trade but in foreign trade and through the canal.

Mr. EDMONDS. If this shipping board were to charter a new ship and recharter it to some line to operate, is it required under this bill that that ship shall have an American registry?

Mr. CHAMBERLAIN. Oh, no; I do not think the bill means that.

Mr. EDMONDS. I was informed yesterday they would get a temporary American registry. They told us that yesterday.

Mr. CHAMBERLAIN. A chartered British ship?

Mr. EDMONDS. Yes. If we charter a British ship this board may want to recharter it to somebody that wants to run it on one or two voyages.

Mr. CHAMBERLAIN. I think there must have been some misunderstanding about that in the way the question was put. The charter of the ship does not change its flag. A change of owner is necessary.

Mr. EDMONDS. It says here in section 6 that all vessels purchased, chartered, or leased from the board shall be registered or enrolled under the laws of the United States as vessels of the United States and entitled to the benefits and privileges appertaining to vessels of the United States, and shall, when and while employed solely as merchant vessels, be in all respects subject to all laws, regulations, and liabilities governing merchant vessels.

Now, you would not be liable to charter an American vessel. In time of stress you would probably have to charter a British or German vessel. Under this law you could not charter it, could you?

Mr. CHAMBERLAIN. I have not read that bill with close attention to the details, and do not want to express an opinion without reading it more carefully.

Mr. EDMONDS. I am glad you do not, because I would hate for you to try to charter such ships.

Mr. CHAMBERLAIN. Surely. But I do not recall that, and there must be a misapprehension if Mr. Redfield said so. I do not think he quite gathered your meaning, because the change of flag means a change of ownership, not a charter.

Mr. EDMONDS. A British ship chartered by this board and rechartered could not take American registry, could it?

Mr. CHAMBERLAIN. Not by virtue of the charter. She might change her owner, and the change of flag would go with the change

The CHAIRMAN. When that question came up yesterday I think I made the statement in the record that a foreign vessel chartered by this board could not thereby be entitled to American registry, nor do I think it is true, nor do I think the bill contemplates it. I can not say just what Secretary Redfield said about that, but I am quite sure if he said they could, he did it inadvertently.

Mr. EDMONDS. The question was brought up whether this bill absolutely forbids the chartering of a foreign vessel, because it requires that any vessel chartered be enrolled.

The CHAIRMAN. I think it does. I think none but an American vessel could be chartered. If the committee wants to liberalize that they will have to do it by amendment.

Mr. CURRY. Mr. Chairman, before we adjourn I would like to ask one or two questions which are not exactly pertinent to this inquiry but it will take but a moment.

A great deal of the tonnage through the Panama Canal from the Pacific coast to the eastern coast will be lumber schooners?

Mr. CHAMBERLAIN. Yes.

Mr. CURRY. The lumber that we manufacture out there will have to be sent to the eastern coast in competition with lumber that it does not cost as much to cut, to manufacture, to make into lumber, or to bring to the eastern coast for sale, and it will be foreign lumber that we will have to compete with. Now, I understand that the department—

Mr. CHAMBERLAIN. Our department or the War Department?

Mr. CURRY. Your department is discussing the proposition with the War Department of having a charge on the deck load of lumber. Personally, I do not think that would be fair. That would be charging for air space and not for water space. It is all right for them to charge for the tonnage or draft of the ship, but to charge as tonnage going through the canal this lumber that simply occupies space in the air and would not displace the water in the canal—I do not think that is fair. If there is water displacement it is all right, but for air displacement I do not think it is a fair charge, and I think that your department and the War Department ought to be liberal toward American commerce and toward American shipping. If there is anything of that kind I wish you would think it over seriously. I know there is a bill before Congress, and it is being considered. Where it emanated from I do not know.

Mr. CHAMBERLAIN. That did not emanate from our department. That is a matter of the administration of the Panama Canal. It has been talked over informally, but that was just on account of its having something to do with measurements.

The CHAIRMAN. I tried myself to have the deck loads of those lumber schooners exempted from that measurement.

Mr. CURRY. They ought to be.

(Thereupon, at 1 o'clock p. m., the committee adjourned to meet Saturday, February 12, 1916, at 10.30 o'clock a. m.)

CREATING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Saturday, February 12, 1916.

The committee met at 10.30 o'clock a. m., Mr. Alexander in the chair.

The CHAIRMAN. We will continue the hearing on the bill H. R. 10500. Mr. Rosenthal, of Chicago, has consented to come before the committee this morning and give us his views on the shipping bill.

STATEMENT OF MR. BENJAMIN J. ROSENTHAL, OF CHICAGO.

Mr. ROSENTHAL. Mr. Chairman and gentlemen, yesterday morning I stopped to pay my respects to Judge Alexander on my way to Florida, and the judge suggested that I appear before this committee; so that if I am somewhat unprepared I hope you will accept that as an apology. If I had had more opportunity I should like to have presented what perhaps would be a better argument.

So that my motive in appearing here may not be misconstrued, I want to state, if I may be permitted, for just a moment, that I am a business man, have been engaged in business in Chicago all my lifetime, and my interest in the subject of merchant marine started nearly 20 years ago. At that time a conference was held in the city of Chicago, and leading business men of the country were invited. The culmination of that conference was the organization of the National Business League of America. This league prepared a platform, and one of the principal features of it was the advocacy of an American merchant marine.

The CHAIRMAN. Who were the members of that league, can you say?

Mr. ROSENTHAL. They comprise leading business men, professional men, and bankers throughout the United States. I will give you the names of some of them in a moment or two.

The CHAIRMAN. Very well.

Mr. ROSENTHAL. In 1911 this league called a congress, which was held in the Gold Room of the Congress Hotel, in the city of Chicago in December, 1911.

At this congress some of the leading business and professional men of the country were present. A large body attended. Different plans were presented for the establishment of a merchant marine in connection with other projects, which are enumerated in this platform that I have before me.

The congress, after listening carefully to the different plans suggested, adjourned after appointing a committee of 20 of the leading business men of the country.

Now, if I may be permitted, I will give you the personnel of the resolutions committee of the National Business Congress, held December 13 to 15, 1911.

George W. Sheldon, Chicago, president G. W. Sheldon & Co., customhouse brokers.

Henry M. Wallis, president J. I. Case Plow Works, Racine, Wis.

Edward J. Nally, vice president (now president) Postal Telegraph & Cable Co., New York.

Alfred H. Mulliken, president Pettibone, Mulliken & Co., railway supplies, Chicago.

Frederic E. Boothby, president chamber of commerce, Portland, Me.

Frederick S. Fish, president Studebaker Corporation, South Bend, Ind.

George M. Reynolds, president Continental & Commercial National Bank, Chicago.

Silas H. Bumham, president First National Bank, Lincoln, Nebr.

John Kirby, jr., president National Association of Manufacturers; president Dayton Manufacturing Co., Dayton, Ohio.

Edwin Chamberlain, vice president San Antonio Loan & Trust Co., railway and general business man, San Antonio, Tex.

George R. Brown, secretary board of trade, Little Rock, Ark.

Arthur H. Devers, Closset & Devers, wholesale grocers, Portland, Oreg.

William H. Parlin, president Parlin & Orendorff Co., agricultural implements, Canton, Ill.

R. H. Downman, president Bowie and other lumber companies, New Orleans, La.

Albert M. Marshall, president A. M. Marshall & Co., wholesale hardware, Duluth, Minn.

William P. Ketcham, lumber merchant and real estate, Seattle, Wash.

Philetus W. Gates, president Hanna Engineering Works, former vice president Allis-Chalmers Co., Chicago.

Robert J. Lowry, president Lowry National Bank, Atlanta, Ga.

George H. Barbour, vice president Michigan Stove Co., Detroit.

Charles B. Booth, president automobile company, real estate, and general business, Los Angeles, Cal.

I dare say, gentlemen, that this is as representative body of business men as you will find anywhere in the United States.

This committee, after carefully considering the different plans suggested, met in the Blackstone Hotel, in Chicago, six months after this congress was held. In the meanwhile they had investigated as carefully as they could different plans suggested for the upbuilding of the merchant marine. This is the resolution which they finally adopted:

Resolved, That as an effective means for the creation of an American merchant marine a law be enacted empowering the Government to construct or purchase transports for the ships of the United States Navy, to be operated by naval seamen as merchant vessels in time of peace and as auxiliaries of the Navy in time of war.

This, you will see, gentlemen, without any equivocation, is a straight out-and-out Government owned and operated merchant marine, in so far as it would apply, at least for enough ships to properly augment the Navy as naval auxiliaries.

That is the platform upon which the National Business League of America stood.

Mr. LAZARO. What year?

Mr. ROSENTHAL. 1911, mark you, and 1912, long before the war started.

Mr. GREENE. May I ask you a question?

Mr. ROSENTHAL. Certainly.

Mr. GREENE. Did your committee ever send a representative to Washington to appear before this committee?

Mr. ROSENTHAL. Yes, sir; our committee appeared before committees in Washington very frequently.

Mr. GREENE. Before what committee?

Mr. ROSENTHAL. I imagine before this very committee. I never appeared before them, but I appeared before a committee on the consular reform bill.

Mr. GREENE. I notice nearly all the names you read are names of men located in Chicago or west of Chicago.

The CHAIRMAN. They may have appeared before the Senate Committee on Naval Affairs when Mr. Weeks of Massachusetts introduced his Government-owned naval auxiliary merchant-marine bill.

Mr. GREENE. That might be; but I never knew of them appearing before this committee. I see there are no representatives on that list from east of Chicago, and there is quite considerable merchant marine on the Atlantic coast and quite a large interest in an American merchant marine in the Eastern States as far as I have been able to observe.

The CHAIRMAN. The original proposition for a merchant marine was introduced by Mr. Weeks, of Massachusetts, when he proposed that the Government take over naval auxiliaries and operate them as a part of our merchant marine.

Mr. GREENE. That was better than nothing, of course.

Mr. ROSENTHAL. I want to say in passing that what I shall now read is part of an argument that I made before the National Business League. I will just refer to these few lines.

In case of war between any of the great shipping nations, instead of having our commerce paralyzed as we would have under present conditions, on account of inability to secure ships for our commerce, we would go right on attending to our own business and shipping the exports of our own nation in our own bottoms.

Now, gentlemen, if I was in favor of a Government-owned merchant marine in 1911 I certainly have seen nothing to change my viewpoint in 1915 and 1916.

I want to call attention to this, too, before I go on.

There appeared, I noticed in the press, a gentleman representing the National Chamber of Commerce of Boston, and I understand his statement to this committee was that he represented some several

hundred organizations, and these organizations had voted against any form of government ownership and had voted in favor of subsidy.

The CHAIRMAN. That was Mr. Douglas, of New York.

Mr. ROSENTHAL. Up to January 1, gentlemen, when I retired from the board, I was a director of the Association of Commerce of Chicago. I appeared before this association on three or four occasions to express my views and present them on the subject of the merchant marine. I have here before me a copy of the last address, which I delivered on Friday, December 17, 1913. I make the statement now to you gentlemen without fear of honest contradiction, that this association of commerce which comprises over 4,000 members, would vote 75 per cent for this Alexander bill if it was put before them for a vote.

Now, I will tell you gentlemen exactly how this vote was arrived at, and to make assurance doubly sure, I will mention the fact that I happened to meet Mr. Nickerson, who is a member of the association of commerce, and was one of the subcommittee of two. I met him last night at the New Willard Hotel. He was here attending this conference of the United States Chamber of Commerce. I asked him, just to be sure, just how that vote was arrived at, and I will explain just exactly what he said, and that was my understanding. The request came to the executive committee; the executive committee referred it to a committee of two. Mr. Nickerson was one of that committee and Mr. Buchanan was the other. That committee of two had probably never even read the Alexander bill and did not know, perhaps, all of the provisions of it. This committee reported that they were not in favor of Government ownership, but in favor of some form of subsidy, and the executive committee indorsed this action of the committee of two, and it was sent to the National Association of Commerce, and in that way the National Association of Commerce attempts to bind an organization of 4,000 men.

The CHAIRMAN. I think that was the process in Portland, Oreg., too.

Mr. ROSENTHAL. But I can only speak authoritatively for this organization, because I was invited to appear before this committee of two, which I did.

Mr. GREENE. What association are you speaking of?

Mr. ROSENTHAL. The Association of Commerce of Chicago, which has a membership of 4,000 business men in Chicago. Only this morning I took breakfast with the president of that organization and told him how unfair it was to attempt to bind the association of commerce by the recommendations practically of two men, and he said it was unfair, but he did not know how else they could arrive at it. He said they received these notices from the association of commerce, and that they had to have a vote by a certain date. He said it was impossible to get a vote of the members and the best thing they could do was to refer it to a committee, and for this committee to make a report.

Now, gentlemen, there is nothing in the Alexander bill that need frighten the most timid or conservative citizen of the United States. Perhaps my plan may frighten some, but the Alexander bill certainly need frighten no one.

Now, what are the provisions of the Alexander bill? You are familiar with them. I have made an analysis of them.

First, the bill calls for an appropriation. Then the appointment of a commission. And in passing let me say this—and I spoke to the Secretary of the Treasury and to the Secretary of Commerce yesterday about this—I do not consider the salary of \$10,000 a year adequate. If you want to get the biggest men, the men you should get, to serve on this important commission, \$12,000 a year should be the minimum salary paid. I only stop at \$12,000 because a Cabinet officer receives \$12,000, and perhaps it would not be right to pay any commission more than a Cabinet officer receives.

You are familiar with its powers; I will not go over that with you.

You are familiar with the clause that permits the Government to sell or lease these ships so that there will be no Government ownership at all, much to my regret, if people are willing to purchase them or lease them.

Now, in connection with leasing, you have heard so much talk about what England does for its Navy. As a matter of fact the only thing that England does for its Navy and has done for years is to pay for the carrying of its mail. It also loaned for the building of these two great big ships—because it wanted to have the biggest ships afloat—some money at a low rate of interest.

Now, this board, under the Alexander bill, will do much more than that. It does not require the investment of a penny. It says to the man who wants to operate a ship, "Pay us a fair return on the capital the Government has invested; we do not require you to invest a penny, and we will lease you the ships"—certainly a much fairer proposition than any foreign Government offers.

The Government also has the right to seize these ships in time of war. There is no man around this table who does not want that right given. It has the right to condemn these ships if they are too old. Everyone wants that, of course.

It has the right to transfer any of its equipment that it now has that is suitable for merchant marine purposes to this commission to be used for transportation purposes.

MR. LOUD. What ships are those?

MR. ROSENTHAL. The ships that we now have.

It requires that all vessels so transferred shall be registered under American registry and shall be under all laws, regulations, and liabilities governing merchant vessels. Surely everyone wants that. Now, gentlemen, it especially stipulates that none of the ships now in American registry shall be sold or transferred to foreign ownership. Is there a man in this room or is there a citizen in the United States at this moment who is not a shipowner or is not interested in ships that does not want to see that part of the law passed as quickly as possible? Over 800,000 tons of ships formerly sailing under foreign flags were voluntarily transferred, under the recent registry law, to American registry. They have had the advantage of the protection of the American flag. They have had the advantage of the insurance that this Nation has given them—the marine insurance, I refer to—and you know if this Government had not taken action as it did to insure them we would have had no shipping at all. They have had the advantage of the most outrageously high rates that have ever been perpetrated on the American Nation or any other nation.

And now, forsooth, are you going to let them, as soon as the war is over, just because they can operate for a little less in wages, are you going to let them go back to a foreign flag? I say no. And there is not a Member of Congress who would dare go before his constituents and ask for reelection if he permitted a single ship that voluntarily accepted American registry to go back to foreign ownership after taking advantage of the advantages that this Government has given them.

The board may also regulate rates and regulate the operation of common carriers by water. Now, we have all inveighed against the discrimination of the foreign shipowner toward the American shipper. This bill gives the right to regulate that, and if you will read the report of the committee of Congress—it covers some 600 pages (I think your chairman was chairman of that committee, were you not, Mr. Chairman, the committee that investigated shipping combinations?) you will probably agree with me that regulation is quite necessary.

The CHAIRMAN. Yes.

Mr. ROSENTHAL. And if you will read the admissions, their own admissions, these owners of foreign ships, when they admitted this discrimination against the American shipper, they admitted these rebates; there is not one of you who will not want that clause in this bill.

Now, then, it also gives us the right to establish preferential rates. If you have listened to Mr. Farrell, the president of the United States Steel Co., if you have listened to any of these financial men, talk about Germany and the benefits that the Government gives to its manufacturers, through some cohesive organization, an arrangement between the Government and manufacturer so that preferential rates are given, so that the manufacturer in some small point in Germany can ship his goods to America on a through route, at a preferential rate, you would be very glad then to offer the American manufacturer some of these benefits also. Many have complained because we don't give preferential rates to them in this country. We would give it to them under this bill if it could be arranged with the Interstate Commerce Commission and the railroads, and I think the railroads would be glad to join in that.

Now, it also provides that the crews on these ships can become members of the Naval Reserve. That is just what we want. Instead of building a naval ship and sticking the men on there and paying them the wages that the Government pays them and letting them stay on the ship all the year, let them enter this merchant service and be members of the Naval Reserve. But I would go further than that, gentlemen. I would put some clause in this bill whereby they would be compelled to serve at least one or two weeks in each year on a naval vessel, so that they would be under the discipline of the United States Navy and that they would be familiar with the naval ships as well as the merchant ships.

Now, the question of through routes. No one would argue, I think, for a moment that it would not be very advisable to have that incorporated in the bill.

Now, here is another important point. You have all heard the cry. I have gone all around the country and have addressed different bodies, and they all say, "Well, the Government binds us hand and

foot with merchant-marine laws that are unfair; if the Government would amend these merchant-marine laws we would build up American shipping." This bill gives the commission just that right, and I would make it a little more far-reaching. It just says that it can investigate the laws of the United States in reference to common carriers in marine transportation. I would give it the right and make it the duty to investigate the laws of foreign countries too, and their regulations, so that they will have before them a perfect résumé of the laws not only of the United States but of foreign countries in relation to marine transportation; and if it is true our laws are iniquitous, if it is true they hamper American shipping, then this commission would be just the one to remedy that. Is there anybody who objects to that?

Now, then, there is a clause that provides that the commission should have the powers that the Interstate Commerce Commission has—only so far, of course, as it relates to water carriers—and then it also requires after January 1, 1917, that all ships engaged in foreign trade shall be subject to a license. Is it not right that every ship that comes into this country, that takes advantage of or has the right to the advantages that this Government offers, should be under a license from this Government, and if it does not act properly that we should revoke its license? We have agreed that we have not control over foreign ships, and this would give us control over them in so far as rates and fair regulations are concerned.

Now, is there anything in this bill, gentlemen, as I said, that need frighten the most timid, the most conservative citizen of the United States? Is there anything in this bill that anyone could rightfully condemn?

Now, you have heard so much talk. It has been shot at me very often, well, there is a difference in the labor cost in the operation of American ships as against the cost of operating a foreign ship. I will grant you there is such a difference, but, gentlemen, there was also a difference—perhaps not quite so marked, but still a difference—in 1855 when this country had the greatest amount of shipping of any nation in the world. And yet there was no one objected and American commerce on the high seas went untrammelled, and did not make any complaint.

Let me call your attention to the lake rate. The seamen on the Lakes receive a much higher wage in proportion than those on the ships under foreign governments. Yet we make lake rates out west much lower than are made by some of the foreign carriers and yet we pay higher wages.

Now take into consideration also this fact. The foreign countries have all their ships built. They could not change these types of ships. They would not burn them up, would they? They would have to go on with these ships, of course adding new ships from time to time.

Now, this country would build their new ships with the new Diesel engines; they would burn oil. They would standardize shipbuilding, just as they have standardized the manufacture of automobiles. That is why ships have cost so much more; each ship has been a different pattern. In the automobile industry—this concern did not pay me for advertising them and so I will not mention any names—a concern I have in mind pays \$5 a day to common labor as against 5

francs for the same kind of labor in France, and 5 marks for the same kind of labor in Germany. They could pay \$10 a day and still make a fortune. But they have standardized the manufacture of automobiles, and so have other manufacturers in this country.

And so if we give it out to the country that we are in earnest about this shipping, that we are going to build up a merchant marine, you will find capital coming forward quickly, and it will build ships as cheap as they build them abroad. Why should it not? We have the materials here. We produce iron and steel and everything that goes into the building of a ship just as abundantly as they do abroad, in fact, we ship these materials abroad and sell in competition abroad.

I will say nothing about American ingenuity in manufacturing. You know as much about that as I do.

I want to say this in passing. In my judgment if this Alexander bill is passed we will have more applications for ships than we can possibly supply. I hope from the bottom of my heart that we will not. I hope we will have to operate these ships ourselves; but do not be uneasy about the people not coming forth and asking for the lease of these ships.

I want to point this out to you, too. In 1912, you are probably familiar with this fact, the Pan American Line was organized to carry commerce from New Orleans and Mobile to South America. The ships of that line left with full cargoes. I believe the governor was there, and the mayor, and leading citizens, to wish them bon voyage. They were paying American wages and were glad to pay them. They adhered to the American standards of living. They went down there, and what happened? They could not get a pound of cargo for the return voyage. Why not? Because the trust said:

You will lose your rebate, Mr. Shipper, if you give them any cargo to go back to America, because you have agreed to ship only on our boats; and, further, you have agreed to ship all your coffee on our boats, and we will not carry your coffee to England if you give these ships any cargo.

And so these boats had to come back to America without cargo and the company was disbanded.

The CHAIRMAN. That is the history of that venture, surely.

Mr. ROSENTHAL. This is all history. And I hope, gentlemen, that I am not misstating anything. I have tried to be very careful checking up any statements that I make here, and at my own expense I keep employed an organization for this work, and I have very careful people about me.

Now, just one more question I want to revert to, the question of subsidy. Why, gentlemen, from 1868, from the time of the nomination of Grant and Seymour, you have heard of subsidy in every Congress from that time on. There have been 50 sessions of Congress, I think, during that time. I dare say that there has not been a session where there has not been a subsidy bill introduced.

The Nation will not stand for a subsidy. If we could not get a merchant marine in any other way, I believe I would even stand for a subsidy, but a subsidy is out of the question. It is un-American. It shows favoritism. If you give a subsidy to the shipowner, forsooth, you say because we can take his ships in time of war, then you must give it to the munition manufacturer; you must give it to the manufacturer of anything that the Government uses in time of war. You must give it to the farmer, because, as Napoleon said, "An Army

fights best on its belly," and so the Government is dependent on the farmer above all others in time of war. And so it would be out of the question to give a subsidy to one class unless you gave it to all.

And even if you gave a subsidy—you are giving subsidies now, and what has happened. Every subsidized American ship to-day is a member of the shipping trust. There is no question about that, is there, Mr. Chairman?

The CHAIRMAN. Our investigation of the so-called Shipping Trust showed that the only ships we have in the trade between the United States and Europe belonged to the International Mercantile Marine Co.

Mr. ROSENTHAL. Now, if you subsidize a ship it has to join the trust or fight the trust. If it joins the trust then it is not independent, and we have not accomplished anything except that we can get it back in case of war. And if it did not join the trust, what would happen? It could not get a cargo and it would come back and say, "Gentlemen, you must give me more subsidy because the trust has cut the rate, the trust has put its fighting ships alongside of mine, and I must have more subsidy," and so where would this end? So that I say to you, gentlemen, that you must not give a subsidy. No one must think of giving a subsidy.

Now, you say, what would happen if we received no applications for ships? Why the simplest thing in the world would happen, and, as I said, I would be happy if it did—why the Government would simply operate these ships. The Government would not discourage capital, but it would encourage capital; the Government would say, "Go on and build ships and operate them, we will put these ships of ours on new routes, we will pioneer." If any of you gentlemen went into the taxicab business to-day, you would put your taxicabs in the center of the city and not in the suburbs. And so if capital comes into the shipping business it is going to take the routes that are most profitable, and the Government would put its ships on trade routes that would open up new commerce, develop new trade for the business men of the country.

Now, there appears to be some fear of putting the Government into the shipping business. Personally, I have no fear of that. First, we would give private capital a chance. If it does not avail itself of the chance then I think it would be proper for us to go into the shipping business. Did anyone object to the Government going into the marine insurance business? Did these very gentlemen who are objecting now object to the Government insuring their cargoes, and stabilizing the insurance rate? The Government would stabilize the carrying rate in the same way.

Here is a copy of the book which I published at my expense and which I distributed throughout the country. It is entitled "The need of the hour" An American Merchant Marine.

I think every Member of Congress has had a copy of it. If any Member has not had one, I would be glad to give him a copy.

I am in business and am a business man. I am not interested financially in shipping or anything like that. I think I am in a position to get the true sentiment of the business men of the country. But not only the business men, the whole nation is aroused to the fact that we must have a merchant marine. It ought to be American manned, it ought to be American built, and it ought to sail under the

American flag, and I appeal to you as business men, that you pass this Alexander bill.

Mr. GREENE. May I ask your business?

Mr. ROSENTHAL. I am engaged in a number of enterprises. I am interested in two large mail-order houses in Chicago. I am interested in a chain of millinery houses throughout the country, and am interested in the drug business, also restaurants, also publishing business.

Mr. GREENE. What are they?

Mr. ROSENTHAL. Which?

Mr. GREENE. These different companies that you are interested in?

Mr. ROSENTHAL. The Chicago Mail Order Co., the Philipsborn Outer Garment Co., also a chain of millinery interests, with departments throughout the United States. I am also interested in the drug business. We are publishers of magazines. I am interested very largely in real estate and banking and in the wholesale millinery business. And I have some other interests. I hoped that that question would not be asked me. I am not interested in any way in the shipping business.

The CHAIRMAN. If there is nothing further from Mr. Rosenthal, these gentlemen are waiting. Mr. Hardy is chairman of the subcommittee and he will conduct the hearing in which the ferryboat companies are interested.

I may state that the next hearing on the shipping bill will be Wednesday morning at 10.30 o'clock, and Secretary McAdoo and possibly others will be here.

For the benefit of the members of the committee who may have interests they want heard on the shipping bill, I would like to have them notify me as early as possible, because while I am going to give opportunity for everyone to be heard as far as possible, we are not going to continue these hearings indefinitely, and we want to utilize the time. I make that as a suggestion. Please inform me of any one whom you would like to have heard, and we will arrange to have the hearing as early as we can, with the view of giving every one a chance.

Mr. Hardy will now take the chair, and his subcommittee will have their hearing.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Wednesday, February 16, 1916.

The committee met at 10.30 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. I have a message from Secretary McAdoo saying his engagements are such that he can not get here this morning, but that he will be here to-morrow.

I also have a letter from Secretary Wilson to the effect that he would like to appear to-morrow morning.

Admiral Benson was to be here this morning and we will hear from him. First, however, I have received certain communications which I would like to offer for the record, if there is no objection. The first is a communication from the president of the Port of Seattle, Wash., going into discriminations against the publicly owned water front

terminals of Seattle. As the committee doubtless know, they have municipally owned terminals there, or docks, which cost several millions of dollars, and the steamship companies which are reputed to be in combinations will not use those terminals, it is alleged, for unloading or receiving freight. And that is a feature that I can assure the gentlemen from Washington, as well as the other members of the committee, will be relieved if the provisions of this bill relating to Government supervision and control of water-borne traffic become law.

Mr. GREENE. A man told me that Capt. Dollar stated the other day he was going to move over to Vancouver and there would be room for everybody then.

The CHAIRMAN. They have splendid docks at Seattle and I doubt if there are as fine anywhere else in the United States. Do you know what they cost?

Mr. HADLEY. I do not know exactly; several millions. I think it is three or four millions. I was over them last summer and I heard the statement made, but I do not recall the amount now.

(The letter above referred to is as follows:)

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, December 20, 1915.

MY DEAR JUDGE ALEXANDER: Your attention is respectfully directed to the inclosed communication from the president of the port of Seattle, Wash., and to the case of discrimination therein shown against the publicly owned water-front terminals of Seattle. You will note that the president of the port asks that proper legislation be recommended to cover such matters. The subject is respectfully recommended to your thoughtful consideration.

May I venture to point out in this connection that the draft of a proposed shipping measure which has already been sent you contains a provision that the shipping board thereby created should have the power to license vessels using American ports and to determine the conditions under which such licenses should be issued. This provision, either in the form in which it was submitted to you or in a form which you no doubt can readily suggest, could, I presume, be made to cover cases of this kind.

Yours, very truly,

WILLIAM C. REDFIELD, *Secretary.*

HON. J. W. ALEXANDER,

Chairman Committee on Merchant Marine and Fisheries.

House of Representatives, Washington, D. C.

[Port of Seattle.—Commissioners: Robert Bridges, president; C. E. Remsburg, secretary; Gen. H. M. Chittenden, member American Society Civil Engineers. Executive staff: J. R. West, chief engineer; C. J. France, counsel; Hamilton Higday, assistant secretary and traffic manager; W. S. Lincoln, auditor. General offices, Bell Street warehouse.]

SEATTLE, WASH., December 10, 1915.

HON. WILLIAM C. REDFIELD,

Secretary of Commerce, Washington, D. C.

DEAR SIR: The port of Seattle is a public body just completing the expenditure of \$5,000,000 in new public water-front terminals in Seattle embracing six groups of wharves, warehouses, lumber pier, grain elevator, cold-storage plants, public railroad switches and the like.

Prior to the construction of public harbor terminals with the proceeds of the bonds voted by the people of the Seattle port district (which is coterminous with King County, Wash.) the water-front facilities for serving commerce, both foreign and domestic, in this harbor were privately owned and operated, and the majority of such private wharves were and still are railroad owned and controlled. (See Report of the Commissioner of Corporations and Transportation by Water in the United States, published by your department, 1910-1912.)

The same report indicates a considerable interest in, if not actual control, of water carriers by transcontinental railroads. (Same report, Part IV.)

Where the public interposes a disinterested intermediary on the waterfront to serve as a connecting link between railroads and water carriers, both foreign and domestic the question is presented as to what public body is empowered to regulate the relationships between railroads and steamships at said point of contact. It is a twilight zone or "No Man's Land," where the jurisdiction of the Interstate Commerce Commission or the State Public Service Commission apparently does not fully reach.

Accordingly your honorable attention is called to the specific instance by the Seattle Port Commission of the apparent discrimination by a steamship company operating out of this port against the public wharves and warehouses, and you are respectfully requested to make a further investigation into this instance and into similar practices with the view to discovering the jurisdiction to properly check such discriminations and to recommend appropriate legislation to the President and Congress of the United States.

Mr. J. A. Campbell, 903 Western Avenue, Seattle, solicited the agent of the Bell Street Terminal for services in receiving 750 tons of sulphur. The rates quoted were the regular published tariff rates of the Seattle Port Commission. The shipment was to arrive over the Frank Waterhouse line of chartered steamers. A few days later Mr. Campbell obtained storage quotation on 150 tons of sulphur to be stored in the concrete warehouse of the said Bell Street Terminal, and was quoted 20 cents per 2,000 pounds per month storage and 15 cents per 2,000 pounds for loading and unloading cars.

The Frank Waterhouse Co. absolutely refused to land this cargo at the public dock designated by the importer, although the usual custom in this port is for a steamship to shift to another dock where the cargo is 500 tons or over. They refused to shift in this case with a cargo of 750 tons. As an excuse they asserted that the port of Seattle had no right to an existence; that they would not contribute to its support; that the public had no business to go into a wharf and warehouse business. This cargo, however, was not landed at the Waterhouse Dock, but the vessel was landed at Pier A owned by the Pacific Coast Co. and operated by Frank R. Hanlon, an opponent of the port commission, who was formerly in its service, and who latterly has devoted a great deal of time to extensive published criticisms of public wharves and warehouses.

Below is a comparison of the charges made and compiled by the port's agent, Mr. Green, showing that the water carrier not only discriminated against the public wharves and warehouses, but against the shipper as well:

Pier A., Mr. Hanlon's dock:	
Wharfage, per 2,000 pounds.....	\$0.54
Handling from ship's sling charge to Mr. Campbell, per 2,000 pounds.....	.11
Loading out charge to be, per 2,000 pounds.....	.21
Total cost per ton.....	.94
Port commission's Bell Street dock:	
Wharfage, per 2,000 pounds.....	.24
Piling on dock, per 2,000 pounds.....	.06
Loading out, per 2,000 pounds.....	.11
Total.....	.44

From the above it will be seen that this shipment cost Mr. Campbell 47 cents per ton more at Mr. Hanlon's dock than it would have cost over the port's dock. Not only this, but the insurance is considerable.

The point to be explained is:

First. Why would the Waterhouse Co. refuse to land a cargo at port's dock, but be willing to land at Pier A, which has a very small slip?

Second. Why should the Frank Waterhouse Co. make the statement that they would not contribute to the support of port facilities?

ROBERT BRIDGES, *President.*

The CHAIRMAN. I have also another communication addressed to the Secretary of Commerce from Robert Bridges, president of the port commission of Seattle, referring to the discrimination against the municipally owned docks of Seattle.

(The letter referred to is as follows:)

DEPARTMENT OF COMMERCE, OFFICE OF THE SECRETARY.

Washington, February 12, 1916.

MY DEAR JUDGE ALEXANDER: Referring to my letter to you of December 20, in which I handed you communication from the president of the port of Seattle showing discrimination against the publicly owned water front terminals of that city, I now hand you copy of letter from the president of the port commission of Seattle, together with copy of the telegram to which he therein refers.

I suggest that in connection with the pending hearings on the shipping bill, some reference might be made to this matter in order to show how necessary the right to license may be. Clearly a public board would not license vessels on any basis which would permit them to discriminate against publicly owned terminals, as appears to be the case in the example of Seattle.

Yours, very truly,

WILLIAM C. REDFIELD, *Secretary.*

Hon. J. W. ALEXANDER,
*Chairman Committee on Merchant Marine and Fisheries,
House of Representatives.*

[Part of Seattle. Commissioners: Robert Bridges, president; C. E. Remsberg, secretary; Carl A. Ewald. Executive staff: J. R. West, chief engineer; C. J. France, counsel; Hamilton Higday, assistant secretary and traffic manager; W. S. Lincoln, auditor. General offices, Bell Street warehouse.]

SEATTLE, WASH., February 5, 1916.

Hon. WILLIAM C. REDFIELD,
Secretary of Commerce, Washington, D. C.

DEAR SIR: Referring to previous presentation of discrimination against the public docks and warehouses, Seattle, and the apparent necessity for some Federal regulation over such matters needing new legislation, there is attached hereto telegram on an acute situation this day presented.

Very truly, yours,

ROBERT BRIDGES,
President of the Port Commission.

[Night lettergram.]

SEATTLE, WASH., February 5, 1916.

SPERRY FLOUR CO.,
Tacoma, Wash.:

Seven hundred thousand bushels wheat stored in Hanford Street public terminal situated on turning Basin east waterway, which is 900 feet wide, 1,600 feet long. Waterway channel 750 feet, depth 30 to 40 feet. Calmest water on Elliott Bay. Next to Smiths Cove public pier; this dock is largest and most commodious berthing place in Seattle and capable of accommodating any vessel plying the North Pacific Ocean. Serves Japanese liners 425 to 500 feet long without tug or pilot.

Kerr-Gifford Co. advises that Pacific Steamship Co. refuses to take your grain, alleging danger to vessel which is preposterous. Real reason probably sufficient higher-priced freight. Service ample. Men plentiful. Company opposes municipal ownership. Should not be permitted to hide behind misrepresentation.

ROBERT BRIDGES,
President Port of Seattle.

Also a communication from Mr. D. M. King, secretary of the San Francisco Chamber of Commerce, transmitting a communication received by the board and signed by a large number of the more prominent shippers of merchandise between San Francisco and the Orient, expressing their views in regard to shipping conditions in the American trans-Pacific and Orient trade.

(The letter referred to is as follows):

SAN FRANCISCO CHAMBER OF COMMERCE,
February 3, 1916.

Hon. J. W. ALEXANDER,
*Chairman Merchant Marine and Fisheries Committee of the
House of Representatives, Washington, D. C.*

DEAR SIR: The board of directors of the San Francisco Chamber of Commerce transmit herewith for your information and consideration a copy of a communication received by the board and signed by a large number of the more prominent shippers of merchandise between San Francisco and the Orient, expressing their views regarding the necessity for American shipping in the trans-Pacific trade.

This communication was sent to this chamber by the signers for the purpose of going formally on record on this question as *shippers* of merchandise as distinct from shipowners, and it is respectfully transmitted to you as expressing their views in the matter.

Respectfully, yours,

SAN FRANCISCO CHAMBER OF COMMERCE.
D. M. KING,
Secretary.

SAN FRANCISCO CHAMBER OF COMMERCE,
San Francisco, Cal., January 25, 1916.

BOARD OF DIRECTORS,
*San Francisco Chamber of Commerce,
San Francisco, Cal.*

GENTLEMEN: We, the undersigned importers, exporters, and shippers of merchandise trans-Pacific, respectfully but urgently request such immediate action on the part of the chamber of commerce as will look to the restoration of the American flag upon the Pacific Ocean.

As San Franciscans, as Californians, and as Americans, we feel that this matter warrants your best and most energetic attention.

To ship and to receive all of our merchandise under a foreign flag spells, in our opinion, ultimate commercial disaster, not only for the Pacific coast but wherever ocean rates, service, and an intimate knowledge of the business of American merchants are a part of commercial endeavor.

We entertain no false ideas as to American ships or American shipping, we know that they must of necessity stand on their own competitive feet, but we do know from experience that American merchants, American commerce, and American goods are on a sounder, a fairer, and a more satisfactory competitive basis when dealing with people of our own country and nationality than under the present conditions.

The remedy we leave to your broad knowledge of conditions commercial, your wide experience in matters of this character, and your weight and influence in the world of commerce.

If the fault lies with the shipowners, we ask your earnest efforts to the correction of the existing evils.

If National, State, or other legislation lies at the bottom of the conditions as they now exist, we request that your energetic endeavors be used and that our representatives—State, National, or otherwise—be made acquainted with your ideas and suggestions, and requested to lend their hearty and loyal support thereto.

We have operated under both conditions—when American ships sailed our seas and now when they do not.

We formerly shipped in American ships—there are no American ships trans-Pacific at this time—we want them restored. We want what we had, but are now without—American ships for American shippers.

Yours, truly,

Ames Harris Neville Co., Tubbs Cordage Co., Zellerbach Paper Co., Somers & Co., S. L. Jones & Co., M. J. Brandenstein Co., Western Import Co., Cowen Heineberg Co., E. T. B. Mills, H. M. Newhall Co., Henry W. Peabody & Co., Pacific Bone-Coal & Fertilizing Co., Selby Smelting & Lead Co., California Fruit Cannery Association, Parrott & Co., The Paraffine Paint Co., Hills Bros., Clayburgh Bros., C. Solomon, jr., S. H. Frank & Co., United States Rubber Co. of California, Bemis Bros. Bag Co., Charles Harley Co., A. Schilling & Co., M. Phillips & Co., J. A. Folger & Co., Garcia & Maggini Co., Kron Tanning Co.

Also a report to the Secretary of the Treasury by Hon. Edmund Billings, collector of customs at Boston, Mass., in reference to shipping conditions at that port; and a report made by the collector of customs of New York on the same subject.

(The reports above referred to are as follows:)

THE SECRETARY OF THE TREASURY.

Washington, December 28, 1915.

MY DEAR JUDGE ALEXANDER: Permit me to hand you herewith copy of a very interesting report recently made to me by Hon. Edmund Billings, collector of customs at Boston, Mass., with reference to shipping conditions, etc., at that port. I also send you copy of a report made by the collector of customs at New York on the same subject.

Faithfully, yours,

W. G. McADOO.

HON. JOSHUA W. ALEXANDER,
House of Representatives.

TREASURY DEPARTMENT,
UNITED STATES CUSTOMS SERVICE,

Boston, Mass., December 15, 1915.

HON. WILLIAM G. McADOO,
Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: Thinking it might be of value to you at this time, and in view of the many reports which are current regarding the congestion of export freight at Atlantic shipping ports, I have had a careful investigation made of export conditions now existing at this port. In order to ascertain as accurately as possible the fundamental factors governing the shipping of commodities to Europe, I instructed two of our most efficient employees to personally interview all of the export forwarders, the principal individual exporters, the agents of the railroads which receive and discharge export merchandise to the various wharves, agents of all European steamship lines, and the secretaries of commercial organizations interested in foreign trade. Their report, which I submit herewith, discloses, I believe, essential facts which should be known to you and to your department. Briefly analyzed, this report shows:

First. That to insure shipment of their commodities exporters or their agents must make steamer reservations from two to six weeks in advance of sailing, and that there is more export freight moving than ever before with little confusion and congestion, shippers having been educated to meet existing conditions by not forwarding merchandise for export faster than the steamship lines are able to provide space for it. That undoubtedly there is a large quantity of freight awaiting exportation to Europe which would be shipped by way of Boston provided cargo space could be procured. Six of the seven steamship agents admit that there is a shortage of ocean steamer tonnage at this port.

Second. That for the five months, from July 1, 1913, to December 1, 1913, 105 steamers, of a total net tonnage of 607,465, cleared for European ports; for the corresponding period in 1914 77 steamers, of a total net tonnage of 416,543 (a decrease of 31 per cent), cleared for European ports; for the corresponding period of 1915 81 steamers, of a total net tonnage of 326,491 (46 per cent less than 1913), cleared for European ports. That the value of exports to Europe for the above-named periods was, respectively, \$30,251,903, \$31,375,699, and \$42,926,643, the value of the exports in 1915 showing an increase of 41 per cent over the same period in 1913.

Third. That exporters complain of the exceedingly high freight rates quoted by steamship agents, the percentage of increase from July 1, 1913, to December 1, 1915, being, on provisions 309 per cent, on cotton 400 per cent, on flour 400 per cent, and on grain 1,166 per cent. (It appears that steamship agents have no tariff schedules and experience little or no difficulty in securing their own quotations. The general opinion prevailing among export agents and individual exporters is that steamship companies are taking advantage of an unprecedented situation and are in a position to demand and receive their own prices, freight rates on many commodities being only a secondary factor—the essential point is delivery overseas.) That the large volume of American commodities imperatively needed by European consignees, regardless of exorbitant freight rates, and the totally inadequate supply of ocean carriers necessary to meet present freight offerings are not only important factors in

maintaining high freight rates, but incidentally form in no small number of cases an effective barrier in preventing American manufacturers from engaging in competitive commerce in foreign markets.

Fourth. That exporters and the secretaries of commercial organizations interested in foreign trade are practically unanimous in declaring that the opportunities for American merchants to engage in overseas commerce were never brighter than at present, and the local Bureau of Foreign and Domestic Commerce reports that it is estimated that at least 100 firms previously not interested in foreign markets for their products have gone into this branch in earnest and that about 10 commission houses have been established during 1915 for exporting New England-made goods.

May I add that we were obliged to promise most of the firms and corporations quoted in this report that they would not be quoted publicly without our first obtaining their permission?

May I also ask if you see any objection to my giving to the Boston press the substance of this report?

I inclose, also, a copy of a statement from the Boston News Bureau under date of December 1, 1915, giving another viewpoint on the same question.

I am, with sincere respect, yours, faithfully,

EDMUND BILLINGS, *Collector*.

BOSTON NEWS BUREAU, *December 1, 1915.*

Railroad presidents of all business terminals at New York, Boston, Philadelphia, Baltimore, and Newport News attended a conference yesterday at New York for the purpose of devising means to relieve terminal situation along the Atlantic seaboard, which is especially serious at New York and Philadelphia.

The situation at New York was found more serious than at other seaports. Philadelphia reported congestion in certain commodities, but the general situation is not severe. Boston, Baltimore, and Newport News report no congestion and facilities ample to handle additional traffic.

The situation at New York is aggravated by heavy movement of munitions and a factor is that many contracts on goods destined abroad call for delivery f. o. b. New York. Steamship facilities are lacking to handle the volume offered.

No action has been decided on. Probably attempts will be made to discourage shippers of certain commodities. Distribution of eastbound traffic to ports with free facilities will undoubtedly be attempted.

The New York Central may find it necessary to put an embargo on certain special commodities that accumulate faster than they can apparently be taken away by the steamships.

TREASURY DEPARTMENT, UNITED STATES CUSTOMS SERVICE,
Boston, Mass., December 9, 1915.

Hon. EDMUND BILLINGS,
Collector of Customs, Boston, Mass.

SIR: Following your instructions to make an investigation into export conditions existing at this port we have the honor of submitting for your consideration the following report:

In order to ascertain as accurately as possible the essential factors governing the shipping of commodities to foreign ports, we had personal interviews with practically all of the export forwarders, the principal individual exporters (who attend to their own shipping details), the two agents of the railroads which receive and discharge export merchandise to the various wharves, agents of all European steamship lines, and the secretaries of commercial organizations interested in foreign trade.

EXPORT FORWARDERS.

There are located in Boston about 12 firms engaged in the foreign freight-forwarding business. Each of these brokers represents from 3 to 60 individual exporters on every outgoing steamer to Europe. They attend to steamer reservations, freight rates, insurance, customs formalities, and all transportation details. The situation as it appears to these firms is herewith summarized:

American Express Co.—Have from 50 to 60 shipments on each steamer outgoing to the United Kingdom. The greater number of these originate in New England, although other sections of the country, particularly the Middle West, forward for export via Boston.

Consignments cover all kinds of merchandise, but motor trucks, brass goods, and cartridge belts are the principal additions since the outbreak of the war. Lumber shipments are overbooked and steamship agents refuse to quote at present on this

class of merchandise. Steamers are practically all booked up on weight cargo. Agents give preference at this time to measurement cargo. Steamer reservations must be made at least two weeks in advance on measurement cargo and six weeks in advance on weight cargo. More business moving than ever before with little confusion and congestion, because shippers have been educated to meet existing conditions. Little or no competition among steamship lines. Enough freight offered to satisfy all their demands. Boston could export more if increased ocean-going tonnage were available. Enough business in New England to warrant establishing a line direct to Archangel. Freight rates have advanced on general merchandise from 10 cents per cubic foot in normal times to 38 cents. Rates continually soaring. Steamship agents have no tariff schedule but get about what they ask for. Will only make limited contracts not to exceed 3 months. For many commodities freight rates are a secondary consideration: The vital point is delivery overseas.

Stone & Downer Co.—Average 25 shipments of general merchandise from all sections of the country on each outgoing steamer to the United Kingdom. This firm represents a large number of big leather establishments. Have no difficulty in booking shipments, except perhaps with the Allan Line to Glasgow. Reservations, however, are made from 2 to 4 weeks in advance. Congestion is not apparent. Freight rates are high because steamship owners have no trouble in obtaining their own figures. It would seem that the steamship people are reaping a good harvest.

Caldwell & Co.—About 10 shipments of general merchandise on each steamer outbound for the United Kingdom. Leather and cotton waste are principal additions since the war. Bookings must be made from two to four weeks in advance of sailing. Not sufficient steamers to handle export business. Freight offerings run from 30 to 40 per cent above what can be accommodated. Merchandise occasionally diverted to other ports for shipment on account of lack of cargo space. Hudson automobile agent tried through this firm to contract for cargo space for 20 autos each month, but steamship agents would not accept. Freight rates are high, but the consignee pays. Many lines have been ordered to give preference to food supplies—result: Less space for general merchandise with continually increasing freight rates. Export merchants understand shipping conditions better than formerly so that commodities are not forwarded by rail until final arrangements have been made. Many shippers will take a chance for export at New York with booking in advance—result: Little congestion in Boston, with opposite conditions prevailing in New York.

Austin Baldwin & Co.—Average of 15 shipments of general merchandise on each outgoing steamer to the United Kingdom. Machinery principal item since the war. Bookings are made from three to four weeks in advance. Nothing forwarded unless reservations have been made. Export business excellent. There appears to be no competition among steamship people. No cutting of rates and little effort on their part to secure business.

W. N. Proctor.—Averaging 10 shipments of general merchandise on each steamer outbound for the United Kingdom. Machinery, knit goods, alum, and chemicals are the principal items since the outbreak of the war. No trouble in booking if sufficient time is allowed. Freight rates are high, but the question of delivery is the important factor. Little war supplies are exported from Boston for the reason that the firms acting as agents for the allies are located in New York, and they naturally see that such supplies travel via New York in order to collect their commissions.

Adams Express Co.—From 7 to 10 shipments of general merchandise on each outgoing steamer to United Kingdom. Could ship more merchandise from Boston if proper tonnage were available. Not sufficient vessels in Boston service. Book shipments from two to four weeks in advance. Have some bookings up to March 1, 1916. Can not get space on Cunard sailings to London. Steamship agents do not desire lumber, steel, or any heavy cargo. Unable to book 40,000 cases canned salmon and 3,000,000 feet lumber, because freight rates are beyond reason. Some manufacturers have been asked to quote prices c. i. f., but the present high rates prevent them operating in foreign markets. Steamship lines are reaping enormous profits due to limited tonnage and immense freight offerings.

T. D. Downing Co.—*D. C. Andrews & Co.*—*Judson Freight Forwarding Co.*—*A. E. Freeman.*—The foregoing firms have from 3 to 15 shipments each on every outbound steamer to the United Kingdom. They report that little physical congestion exists, due to better understanding of shipping conditions. They make booking arrangements from one to four weeks in advance of scheduled date of sailing. In the Manchester and Glasgow services there appears to be some difficulty in securing cargo space. Freight rates are high, but there are sufficient freight offerings to maintain such figures. In many cases delivery is the important consideration. Certain American manufacturers would go into the foreign trade, but present transportation conditions are an effective barrier.

INDIVIDUAL EXPORTERS.

Lawrence & Co.—Probably largest exporter of hosiery in New England. Established foreign market about two years ago. Ship approximately 350 cases to England each month; 500 per cent increase in business over last year. Bookings are now made up to end of March. Shipping 200 cases this month to London via New York because Cunard Line is unable to accept this offer outbound from Boston. Freight rates are extremely high. Before the war the freight figured \$3.50 per ton measurement. December, 1914, it amounted to \$5.75; at this time they are paying \$14.04 per ton measurement—an increase of 300 per cent over rates in force prior to the war.

A. C. Lawrence Leather Co.—One of the largest exporters of leathers in the United States. Average 10 shipments of \$50,000 each every month from Boston to the United Kingdom and Scandinavian ports. Can secure sufficient cargo space to above-named points by booking in advance. Have also about 10 shipments each month to France and Mediterranean ports via New York. Would prefer to make all shipments via Boston if accommodations could be arranged. Freight rates seem unreasonably high; to Scandinavian points the rate before the war was 30 shillings per ton; at present it fluctuates from 120 to 200 shillings per ton. Furthermore, the ton is now figured on a measurement basis which makes a difference of 60 per cent in favor of the steamship companies. Export business in excellent condition.

Nowes Bros. (leather).—Ship about 500 tons leather per month to European ports. Are able to book consignments to English ports without serious delay. Export business increased greatly since beginning of the war. Before the war practically all shipments made direct from Boston. Now about two-thirds of shipments made via New York because space can not be secured in ships from Boston. Have great difficulty in securing space for shipments to Holland.

Beggs & Cobb (leather).—Ship 80 to 100 tons of leather per month from Boston. On account of insufficient number of sailings from Boston divert 30 to 40 tons per month to New York. Space not refused on Boston ships but at times can not wait for sailings. Before the war practically all shipments made from Boston.

American Hide & Leather Co.—Ship 60 to 100 tons leather per month to Europe. Divert about 50 tons per month to New York for shipment because of lack of sailings from Boston. Have little trouble in booking shipments to Liverpool and London, but have difficulty in booking to Switzerland.

Boston Rubber Shoe Co. & American Rubber Co.—Combined exportations from Boston average 122 tons per month. Are able to secure sufficient space in steamers sailing from Boston by booking about one month ahead. Have diverted no shipments to other ports.

Hood Rubber Co.—Ship from 1,500 to 2,000 packages of rubber goods per month to Europe. Have no serious difficulty in securing space on steamers sailing from Boston. Ship goods to Italian ports via New York and have considerable difficulty in securing bookings.

United Shoe Machinery Co.—Have less difficulty now in booking shipments than six months ago. Shipments vary in quantity from month to month. Last month exported to Europe 570 tons machinery from Boston. Experience some delays in bookings but not serious.

B. F. Sturtevant Blower Works.—Ship 60 to 70 tons machinery per month from Boston. Have met with no refusal of space on steamers but some delays and at times annoyance, caused by steamship companies splitting shipments, i. e., a part of shipment left on the wharf to be taken by a later steamer. Ship some freight by way of New York because of more frequent sailings.

Blake & Knowles (machinery).—Export principally through New York. No particular difficulty in shipping from Boston. Would probably ship more goods from Boston if sailings were more frequent. Cargo space has not been refused them by Boston Steamship companies.

Potter Drug & Chemical Co.—Ship about 50 tons of their products per month to Great Britain. No delay or other difficulty experienced except with shipments to Glasgow (amounting to about 8 tons per month). For the past year Glasgow shipments have been delayed at times one month by steamship company due to lack of space or infrequent sailings.

Armour & Co. (meats and meat products).—Ship 125 to 1,200 tons per month. At times are unable to get sufficient space on steamers. Not enough refrigerator space available. Part shipments of refrigerator goods have been shut out by steamers and company has been obliged to place same in cold storage in Boston. More goods would be shipped if shipping space were provided and rates were within reason. Practically no trouble before the war in securing ample space.

Swift & Co. (meats and meat products).—Have shipped on average during 1915 about 185 tons per month. Immediately before the war were exporting but very little. Are unable to procure sufficient refrigerator space on ships sailing from Boston. For this reason 205 carloads of refrigerator goods were diverted to Montreal for shipment between May 1 and November 31, 1915. Ocean freight rates tremendously increased since the war broke out.

North Packing & Provision Co. and J. P. Squire & Co.—Have shipments of pork products in every steamer outbound from Boston to Liverpool, London, and Glasgow. Above firms have exported 20,000 tons between January 1, 1915, and December 1, 1915. They have no difficulty in securing sufficient cargo space except to Scandinavian points and to Holland. Products do not occupy refrigerator space. Ship also via New York to points not having direct ocean service with Boston.

BUSINESS ORGANIZATIONS.

Boston Chamber of Commerce, foreign trade committee.—Receive many inquiries from Europe and South America to be put in communication with American manufacturers. Export business excellent. High freight rates probably discourage some exporters.

United States Bureau of Foreign and Domestic Commerce.—Great interest in foreign trade during the past year. It is estimated that at least 100 firms who previously were not interested in foreign markets for their products have gone into this field in earnest. About 10 commission houses have been established during 1915 for exporting New England-made goods. Every indication that the volume of exports will continue to increase.

New England Shoe and Leather Association.—Great increase in volume of exports of shoes and leather in general. A considerable part of these commodities is exported through the medium of customs brokers. There appears to be a lack of vessels for the export trade, and the impression prevails among manufacturers that the steamship people are taking advantage of the situation to obtain all they can for transporting merchandise overseas. In some cases the cost of the freight rate is not considered of primary importance—delivery is the principal requirement.

Mr. Phillip Abbott, head salesman for the A. C. Lawrence Leather Co.—The above-named gentleman has just returned from a tour of England, France, and Italy in the interests of his concern. He spoke mainly from the point of view of European buyers. They found the present freight rates exorbitant and the rates of exchange outrageous. Mr. Abbott declared that American manufacturers have the greatest opportunity in the history of the country to entrench themselves in overseas trade. He criticized the poor service given by the American Line, and suggested that something be done to increase American vessels, lower freight rates, and establish strong commercial ties between the United States and European countries.

STEAMSHIP AGENTS.

International Mercantile Marine.—Cargo capacity of steamers in Boston service about the same as last year. Horses are loaded on steamers, account of British Government, which fact reduces cargo space by approximately 20 per cent. Freight rates are high—due to the great demand for accommodations. Grain, cotton, and provisions receive some preference in booking. War supplies (everything except ammunition which is not shipped via Boston) are also given consideration in booking. The result is less space for general merchandise. Ocean tonnage is scarce everywhere in America. Boston better off than New York. Freight rates are not a great issue; shippers seem willing to pay any quotation, as the consignees must have the commodities and are willing to pay the price. Congestion does not exist at Boston, but rather in ports of arrival in the United Kingdom. Delay in unloading and taking on new cargo at these ports hamper the service and result in less frequent trips.

The Cunard Steamship Co.—All steamers now in Boston service are chartered vessels. Not sufficient ocean tonnage at Boston to handle freight offerings. No congestion at this port, but delays and difficulties are features at Liverpool. From January 15, 1914, to October 13, 1914, Cunard service to Liverpool had 18 sailings, carrying 54,899 tons of cargo; from January 2, 1915, to October 13, 1915, 16 sailings, carrying 102,711 tons of cargo. Freight rates are based upon the law of supply and demand.

The Allan Steamship Co.—All regular liners in Boston service have been either commandeered by the British Government or are running from other ports. Steamers now running from this port are all chartered steamers. No congestion at Boston, but at Glasgow much trouble is experienced. The present high freight rates may be attributed to the excessive charges made by the owners of the chartered steamers

and other abnormal expenses incurred in the ocean freight business during the war. Sufficient steamers in the Glasgow service to handle freight offerings.

Wilson Steamship Line.—Maintain two sailings per month from this port to Hull, England, via New York. Have been obliged to refuse bookings of freight for some of local exporters, because of space reserved for New York shipments. Have not space enough to book all grain offered.

Patterson Wyld & Co.—Maintain average of two ships per month to Manchester, England. Are able to provide space for all local freight but bookings must be made about one month ahead of sailings. Great demand for space for grain shipments, which they are unable to meet. Could fill 20 to 30 steamers with export grain.

Furness Withy & Co.—Maintain three sailings per month to Liverpool, England. Generally able to meet all requirements for export cargo space except for grain. If had more ships could book very large quantities of grain.

A. C. Lombard's Sons.—Maintain sailings of two steamers per month to Copenhagen. More general cargo offered for export than can be provided in present number of ships. Could fill 10 steamers per month while demand for grain space lasts. Could fill four boats per month outside of grain shipments. Have to refuse cargo offered from the West from Canada and from New York State. Local shippers well provided for, but these are not a large factor.

RAILROAD AGENTS—FOREIGN FREIGHT DEPARTMENTS.

Boston & Albany and New York Central Railroads:	Cars.
Merchandise in East Boston yards for exportation.....	462
Merchandise on East Boston piers for exportation.....	126
Merchandise in Allston yards for exportation.....	262
Grain sidetracked in yards outside of Boston for exportation.....	520
Merchandise sidetracked in yards outside of Boston for exportation.....	200
Boston & Maine Railroad:	
Merchandise in yards in Charlestown for exportation.....	394
Grain in yards in Charlestown for exportation.....	73
Merchandise on piers in Charlestown for exportation.....	318
Total.....	2,355

In the Boston & Albany Railroad grain elevator in East Boston are 635,000 bushels grain (capacity of elevator, 1,000,000 bushels). Owing to variety of shipments stored is filled practically to working capacity.

In the Boston & Maine Railroad grain elevator at Hoosac Tunnel Docks, Charlestown, are 414,000 bushels of grain. (Capacity of elevator 1,000,000 bushels.)

In the Boston & Maine Railroad grain elevator at Mystic Docks, Charlestown, are 252,000 bushels of grain. (Capacity of elevator 350,000 bushels.)

Total in elevators in Boston for exportation, 1,301,000 bushels of grain.

Foreign freight agents of the Boston & Maine, New York, New Haven & Hartford, Boston & Albany, and New York Central Railroads state that more freight is being offered than can possibly handled by the steamers now sailing from this port. The agent of the Boston & Albany and New York Central Railroads states that the Raymond Hadley Corporation (a New York firm) recently offered to deliver to him \$1,000,000 worth of flour if he would secure the necessary steamer space for its exportation. The offer was declined because no space was available.

STEAMSHIP PIERS AND TERMINAL YARDS.

The steamship piers at the port of Boston are not now, and have not been, during the present year in a congested condition.

The terminal yards of the Boston & Maine and of the New York, New Haven & Hartford Railroads are not now and have not been during the present year in a congested condition.

The terminal yards of the Boston & Albany and of the New York Central Railroads, situated in East Boston and Allston, are filled as full of export freight as working conditions will permit. Congestion of these yards has been avoided only by side-tracking freight in yards further out of Boston; 520 cars of grain and 200 cars of general merchandise destined for exportation via these terminals are now being held on side tracks outside of Boston, principally along the line from Albany to Boston.

In conclusion, we may state that there is no serious congestion of export merchandise at the railroad terminals or on the steamship piers at this port. That congestion does not exist in Boston is due to the fact that merchandise is not forwarded for export faster than the steamship lines are able to provide space for it.

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Without question there is a large quantity of freight awaiting exportation to Europe which would be shipped by way of Boston provided cargo space could be procured. Notwithstanding the exceedingly high freight rates now quoted by steamship agents the demand in Europe for certain classes of American merchandise is so imperative that freight rates are a secondary consideration. With normal freight rates prevailing, more American products would undoubtedly be exported.

Respectfully,

M. B. MANN,
Deputy Surveyor.
JOSEPH F. SCANLAN,
Chief Clerk Entry Division.

Clearances and net tonnage of vessels to European ports.

Month.	1913		1914		1915	
	Vessels.	Tonnage.	Vessels.	Tonnage.	Vessels.	Tonnage.
July.....	20	125,096	20	129,546	14	60,364
August.....	20	124,472	11	61,245	13	55,456
September.....	21	131,333	13	75,523	13	61,187
October.....	24	126,020	17	77,735	18	70,301
November.....	20	100,544	16	72,494	23	88,913
	105	607,465	77	416,543	81	326,491

1914 tonnage=31 per cent less than 1913 tonnage.

1915 tonnage=46 per cent less than 1913 tonnage.

Value of exports.

Month.	1913	1914	1915
July.....	\$5,744,442	\$5,146,599	\$9,104,337
August.....	7,119,032	3,153,394	8,696,114
September.....	6,227,487	4,185,521	7,177,360
October.....	6,518,390	9,766,318	8,703,362
November.....	4,642,552	9,123,864	9,245,470
Total.....	30,251,903	31,375,699	42,926,643

Value of exports, 1915, increased 41 per cent over same period in 1913.

Comparison of freight rates to Liverpool.

[Quoted in cents.]

GRAIN, PER BUSHEL OF 60 POUNDS.

	1913	1914	1915
July.....	3 -6½	3 -4	20
August.....	4 -5½	4 -8	20
September.....	2½ -6	3	20 -30
October.....	3 -5½	4 -6½	36 -40
November.....	4½ -6	6½	40½ -38

Percentage increase from July 1, 1913, to Dec. 1, 1915, 1,166 per cent.

FLOUR, PER 100 POUNDS.

July.....	14	10-12	45
August.....	14-16	12-14	45
September.....	14-16	12-23	45-60
October.....	15	12-21	60-70
November.....	15	18-20	70

Percentage increase from July 1, 1913, to Dec. 1, 1915, 400 per cent.

Comparison of freight rates to Liverpool—Continued.

PROVISIONS, PER 100 POUNDS.

	1913	1914	1
July.....	22	22	
August.....	22	22-32	
September.....	22	32	
October.....	22	32	
November.....	22	32	

Percentage increase from July 1, 1913, to Dec. 1, 1915, 309 per cent.

COTTON, PER 100 POUNDS.

July.....	25	12	
August.....	(¹)	(¹)	
September.....	25-30	30	1.00
October.....	25	30	
November.....	24-30	30-35	

Percentage increase from July 1, 1913, to Dec. 1, 1915, 400 per cent.

LUMBER, SOFT WOOD, PER 100 POUNDS.

July.....	(²)	22	
August.....	(²)	29	
September.....	(²)	29	
October.....	(²)	29	
November.....		32-38	

¹ Rates not quoted.² Rates not available.

Increase from July 1, 1914, on soft wood lumber is 331 per cent.

Rate on hardwood lumber shows increase of 415 per cent.

TREASURY DEPARTMENT,
UNITED STATES CUSTOMS SERVICE,
Port of New York, November 30, 19

Hon. WILLIAM G. McADOO,
Secretary of the Treasury, Washington, D. C.

DEAR MR. SECRETARY: Pursuant to your request last week in Washington the estimate be made of the export merchandise on hand at this port and the ocean barge available for purposes of exportation, the representatives of the different lines of railroads and steamship companies with terminals at this port and large manufacturing and exporting interests have been consulted and their views ascertained based upon figures at their command. Below is given the number of cars held in the metropolitan district awaiting exportation:

New York Central Railroad.....	
Erie Railroad.....	
Baltimore & Ohio Railroad.....	
Delaware, Lackawanna & Western Railroad.....	
Lehigh Valley Railroad.....	
Central Railroad of New Jersey.....	
Pennsylvania Railroad.....	

This is exclusive of grain, about 7,000,000 bushels, representing about 15 tonnage now held at this port awaiting exportation. In addition to the cars at the port of New York, there are many thousands of cars laden with export merchandise awaiting a chance to come into the port. All the railroad sidings are choked with such freight.

The cars above referred to may be said to contain general merchandise, chiefly American production, steel products and war munitions predominating. This number of cars constitutes a practically unprecedented congestion which may be ascribed to different causes, but the great predominating cause is the lack of vessels to carry the freight. This lack is caused by the withdrawal of vessels ordinarily engaged in commerce; the complete withdrawal of the German and Austrian merchant fleets, and in a smaller degree the destruction of commercial vessels by submarines. An expert shipping authority at this port has estimated the

from the above causes as at least 60 per cent of the commercial tonnage of the world. In addition to this the export business of the United States has increased so enormously as to greatly accentuate the prevailing scarcity of ocean tonnage. It has been represented to us by practically all of the railroad officials with whom we have conversed that the congestion in the matter of cars at this port would be practically reduced by 50 per cent if needed ships might be obtained. If we accept this percentage as correct, we may figure as follows:

It is estimated that there are 30 tons to the average freight car, and since the number of cars held at this port, according to the statistics above gathered, amount to 17,900, it will be seen that there is a car tonnage at this port of 537,030. If, then, 50 per cent of this is due to inadequate export tonnage facilities, it will be seen that there is a congestion at this port of 268,500 tons directly due to this shortage.

Attention is invited to the fact that the average vessel tonnage per day leaving the port of New York at the present time may be placed at 50,000 tons. In this connection it should be borne in mind that vessel tonnage should be differentiated from car tonnage, in that the former represents 100 cubic feet, while the latter represents 40 cubic feet. In order, therefore, that intelligent comparison may be drawn it is proper that the vessel tonnage should be placed at 125,000 per day. In other words, a 50,000 vessel tonnage would be equal to 125,000 car tonnage. Taking into consideration the total tonnage at this port awaiting exportation—

General merchandise.....	268, 500
Grain.....	150, 000
Total.....	418, 500

it will be observed that it would require nearly four days average total tonnage from this port to provide exportation facilities.

It should be realized that the actual conditions of to-day would be duplicated to-morrow or the next day, since there are held outside of the immediate district of New York thousands of cars awaiting opportunity for entry here. Under the circumstances it is my opinion that the present export tonnage facilities do not meet more than 25 per cent of the present demand. Experts state that the congestion at this port will increase in the near future and that ocean freight rates will be higher than ever before.

Attention is invited to the following excerpt from the "Literary Digest" of a recent issue, which is in a measure in agreement with the facts as ascertained upon investigation. In fact, the conclusions would be practically similar except that the greatest degree of conservatism has been exercised in the formulation of our conclusions:

"The railroads coming into New York are handling the largest amount of traffic in their history, and the congestion at terminals here in the next two or three months is likely to be the greatest ever seen. This will be due to the inability of ship lines to move the freight sent to the city, which is already sufficient to fill five times over every vessel available for export purposes."

In the conduct of the investigation it was ascertained that present conditions are such, owing to the extraordinary high rate of freight now levied by steamship companies, that certain American products are completely shut out from exportation. This is due to the fact that merchandise of a comparatively bulky nature and small unit value is unable to meet the exorbitant freight rates at the present time. To illustrate the degree in which rates have advanced, I may state that cotton, which was hitherto transported to the United Kingdom at from 18 to 20 cents per hundred and to Mediterranean ports at 25 cents per hundred is now assessed in both cases at \$1.50 per hundred.

I may further state that all freight rates have been advanced about 500 per cent, and in some instances very much higher. As an illustration, the value of a barrel of lubricating oil is about \$6. The freight rate to Mediterranean ports was formerly from 75 cents to \$1 per barrel. To-day the freight rate is from \$5 to \$8 per barrel, easily exceeding the value of the article. A very large list of similar instances could be enumerated. The agent of one of the largest steamship lines in New York stated that he had recently purchased several steamers which had been relegated to the scrap heap, paying more than three times their value for them. He estimated that at present freight rates the vessels would earn the purchase price in two or three trips. He further stated that this condition would become more acute in the immediate future. These facts afford incontrovertible evidence of the insufficient ocean tonnage at this port, since the rates governing freight movements are inevitably subject to the law of supply and demand.

Yours, faithfully,

DUDLEY FIELD MALONE, *Collector.*

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Basis of figuring.—General merchandise, 30 tons to the car; grain, 37½ bushels to the ton, 47 cubic feet to ton; car tonnage, 40 cubic feet; ocean tonnage, 100 cubic feet.

I have also a copy of a resolution adopted by the Cannery League of California relative to the need of an American merchant marine, together with copy of a letter addressed to Asst. Secretary Vrooman of the Department of Agriculture in connection with the International Paper Co., on the same subject.

(The resolution and copy of letter above referred to are as follows:)

THE SECRETARY OF THE TREASURY,
Washington, January 17, 1916.

MY DEAR JUDGE: I send you herewith copy of a resolution adopted by the Cannery League of California relative to the need of an American merchant marine, together with copy of a letter addressed to Assistant Secretary Vrooman, of the Department of Agriculture, by the president of the International Paper Co., in connection with the same subject.

Faithfully, yours,

W. G. McADOO.

HON. J. W. ALEXANDER,
House of Representatives.

(Copy.)

Whereas the United States has reached a point in its development where it has become necessary to find new and increased foreign markets for its products and manufactures to insure the prosperity of the country, the farmer, the manufacturer, and the people at large; and

Whereas the question of steamships to foreign countries is now becoming a serious handicap upon our manufacturers, owing to the uncertainties of freight rates and the abnormal rates demanded by the ship-owning interests: Therefore be it

Resolved by the Cannery League of California in annual convention assembled, That we favor plans for the establishing of an adequate American merchant marine by the United States Government, and that we favor legislation by the present Congress now assembled in Washington that will relieve the tremendous burden from which the manufacturers are now suffering in their efforts to get goods to their foreign markets, and that we favor laws that will lead to the establishing of an adequate American merchant marine by the United States Government which can be used as a naval auxiliary in time of war but in time of peace can be used for the preservation and development of our industries.

INTERNATIONAL PAPER CO., 30 BROAD STREET,
New York, January 8, 1916.

Subject: Lack of shipping facilities.

HON. CARL S. VROOMAN,
Assistant Secretary Department of Agriculture, Washington, D. C.

DEAR SIR: Replying to inquiry of January 5, it is true that this company has experienced great difficulty and indeed, inability to secure bottoms for foreign shipments in the last few months.

At this time this company has or can secure immediately orders for more than 7,000 tons of its paper for shipment to France, Argentina, and Australia, if space could be secured.

The nominal quotations for freights at present are four to five times above those prevailing before the war, and are so great as to be prohibitive—in some instances the freight being almost equal to the value of the merchandise f. o. b. It is probable, however, that a very substantial foreign business can be built up, if bottoms could be secured on any reasonable terms.

Yours, very truly,

P. T. DODGE, *President.*

Also a communication of Mr. George S. Taylor, secretary of the Society for the Development of American Shipping (Inc.), of New Orleans, addressed to me, giving a transcript of the published ocean freight rates on the leading commodities exported through New Orleans which were in effect just prior to the outbreak of the war in Europe and also the rates prevailing at stated periods since that time. There is attached a clipping from the New Orleans Times-Picayune of January 22, 1916, on the same subject.

(The letter and newspaper clipping above referred to are as follows:)

[The Society for the Development of American Shipping (Inc.), New Orleans. Office of the secretary, 304, 305, Hennen Annex.]

• JANUARY 22, 1916.

HON. J. W. ALEXANDER,

Chairman Committee on the Merchant Marine, Washington, D. C.

DEAR SIR: Responding to your request of January 15, we are pleased to supply transcript of published ocean freight rates upon the leading commodities exported through New Orleans in effect just prior to the outbreak of the war in Europe, also of the rates prevailing at stated periods since that time:

[In cents per hundred pounds.]

	July 4, 1914.	Feb. 6, 1915.	Dec. 18, 1915.	Jan. 15, 1916.
Cotton to Liverpool.....	28	125	200	300
Lumber to Rotterdam.....	20	95	130	155
Flour to Genoa.....	22	95	135	None.
Pig iron to Genoa.....	11	32	None.	None.

The advance in freight upon other commodities to other ports progressed in relative proportion, the maximum prevailing at the present date.

Upon the declaration of war over-seas commerce suspended, being resumed cautiously and gradually as contending cruisers disappeared from the sea.

Gradually increasing rates of freight developed as the destruction and diversion of tonnage became more and more a factor in the disturbed relationship between supply and demand, with the consequent absence of competition.

Foreign commerce through New Orleans is transported almost exclusively by European steamship companies, the service being augmented by tramp cargo carriers, also of foreign ownership. Numbers of these vessels have gradually been withdrawn from service in the Gulf, with freight rates advancing proportionately.

Much uncertainty prevails at the present time. Rate quotations and space offerings are subject to immediate acceptance, or are being refused entirely. The demand for bottoms is heavy and continuous. A vessel in convenient position may practically name her own terms, then collect the freight in advance. Ship's time has grown to such value that the few additional steaming days required to serve ports in the Gulf tempt vessels to shorten the voyage in favor of Atlantic ports, where cargoes are either waiting or will be rushed there if the bottoms are offered.

If we have abbreviated too freely and a more exhaustive statement is required, please command us. Our services are yours when and where needed.

Very respectfully,

GEO. S. TAYLOR, *Secretary.*

[The New Orleans Times-Picayune, Jan. 22, 1916.]

LIVERPOOL COTTON RATE IS INCREASED TO \$3 PER HUNDRED—STAPLE CAN BE SENT CHEAPER FROM NEW ORLEANS TERRITORY VIA NEW YORK.

A rate of \$3 per 100 pounds on cotton from New Orleans to Liverpool February, and March shipments, was the quotation sent out by freight traffic managers of local rail lines to their agents in the cotton belts of Louisiana, Mississippi and Texas Friday morning, and from the fact that the rate is quoted so far in advance, railroad and steam-

ship men and shippers generally are inclined to the belief that ocean tonnage is liable to become scarcer even than it is to-day.

While the rate at New Orleans remains at the high record market set for January shipments, the Liverpool rate from New York on cotton has shown a considerable fall. The latest quotation from New York on Liverpool cotton was \$2.50 per 100 pounds, 50 cents cheaper than the New Orleans rate, and combining the rail and water rate from interior points in Mississippi and North Texas to points to Liverpool, it is far cheaper to ship the cotton through New York than through New Orleans, although the cotton belongs in what is known as New Orleans territory.

The New York rate on cotton to Liverpool went up to \$2.75, and the difference, combining the rail and water rate between New York and New Orleans was not considerable. But the decrease of 25 cents on the New York rate puts New Orleans practically out of the running, and railroad traffic managers are at their wit's end to find a solution of the problem.

The rate from interior points in Mississippi to New Orleans, that is, from the cheapest points, is 23 cents ship side. The 23 cents, combined with the \$3 ocean charge, makes the through export rate to Liverpool via New Orleans \$3.23. The rail rate on the same cotton to New York is 51.06 cents, and this, combined with the ocean rate of \$2.50, makes the through rate to Liverpool via New York \$3.0106, a saving of more than 20 cents per 100 pounds.

The difference on the North Texas cotton through the two ports is even greater. The rate on this cotton by rail is 52½ cents per 100 pounds to New Orleans, and the combined rail and water rate from North Texas points through New Orleans to Liverpool figures out exactly \$3.52½. The rate on the North Texas cotton to New York by rail is 74 cents, and this, added to the \$2.50 ocean rate to Liverpool, makes a through rail and water rate of \$3.24, or a saving of 28 cents per 100 pounds.

It was hoped by local interests that the \$3 quoted for January shipments of cotton out of New Orleans would be decreased at least to a figure that would put New Orleans on a parity with New York on what is really New Orleans cotton. But the warring Governments have confiscated so many ships that ocean tonnage is daily becoming scarcer, and it was found necessary Friday to put up the \$3 quotation for February and March cotton.

New York has more ships than New Orleans, and the ships loading with machinery and heavy war material are glad to take lighter freight as fillers. While cotton is required to be compressed to a density of 22½ pounds per cubic foot, it is considered as light freight compared with the heavy iron and steel shipments, and is taken by the ships in New York as cargo fillers. However, it is being handled as first class freight, and satisfactory insurance rates are obtained on it.

In issuing notices Friday on February and March quotations on Liverpool cotton, the railroads made it clear that the tonnage was limited.

Also copy of a letter received by the Secretary of the Treasury from the Chamber of Commerce of Porto Rico giving the steamship situation between the United States and that island, together with copy of a letter from Mr. Daniel Kelleher, of Seattle, Wash., in regard to the lumber export situation in the Northwest.

(The letters above referred to are as follows:)

THE SECRETARY OF THE TREASURY,
Washington, December 24, 1915.

MY DEAR JUDGE: I am sending you herewith, for your information, copy of a letter received from the Chamber of Commerce of Porto Rico dealing with the steamship situation between the United States and that island, and also copy of one from Mr. Daniel Kelleher, of Seattle, Wash., in regard to the lumber export situation in the Northwest.

I thought you would like to have this data.

Sincerely, yours,

W. G. McADOO.

HON. J. W. ALEXANDER,
House of Representatives.

[Cámara de Comercio de Puerto Rico, fundada en 1875 y reformada en abril de 1899: San Juan, P. R.; presidente, Don Benito Zaldondo; vice presidentes, Don Eudocio de la Cuesta, Mr. John M. Turner; secretario-tesorero, Don Arturo Carreras.]

DECEMBER 8, 1915.

Hon. WILLIAM G. McADOO,

Secretary of the Treasury, Washington, D. C.

SIR: We confirm the letter which we had the honor of addressing you on November 19 last, and now take the liberty of inclosing copy of a communication we wrote on the 3d idem to Gen. Frank McIntyre, Chief of the Bureau of Insular Affairs, Washington, D. C.

We are desirous that you become thoroughly cognizant of the serious injury which the steamship monopoly plying out of here is causing our commerce and the export trade of the United States proper, the last exemplification being an arbitrary increase of 150 per cent on Porto Rico sugar destined to the United States.

In addition to this the steamship companies, and more particularly the New York & Porto Rico Steamship Co., have announced publicly that, beginning with January 3, 1916, they purpose making changes in other freights between the United States and Porto Rico. They do not specify the tendency of such changes, but we have received information from private but reliable sources that the same will consist of an increase of 25 to 30 per cent over the already high rates charged.

The most adverse feature from the viewpoint of our trade interests is the fact that having developed a plan—the outgrowth of one year's study and labor—to start our own steamship line at this time, the combine has threatened to wage a relentless and ruinous rate war if we venture to carry our plan into execution.

This is why we feel emboldened to crave the protection of the United States Government, so that our interests may not be left open to the attacks of the steamship monopoly, which, actuated by inordinate greed, seeks to sweep aside all attempts to establish reasonable freights, and why we respectfully petition that a recommendation be made to the Congress to enact legislation regulating the freight rates between Porto Rico and the United States under the supervision of the national Executive.

Such an act of Congress would be the greatest boon that could be conferred upon the trade element and people of Porto Rico, and the chamber of commerce therefore prays that you will interpose your valuable influence to such end.

We ask you, Mr. McAdoo, kindly to pardon our insistence, but you will admit that in order to procure justice it must be sought through the proper channel.

Please accept our thanks in advance for all that you may do in our behalf.

Respectfully,

[SEAL.]

CHAMBER OF COMMERCE OF PORTO RICO,
By B. ZALDUONDO, *President*.

(Copy.)

DECEMBER 3, 1915.

Gen. FRANK MCINTYRE, *Washington, D. C.*

MY DEAR GENERAL: Having heard of your return from the Philippines, I gladly avail myself of the present opportunity to convey to you the most respectful and cordial greetings of the above chamber of commerce.

On different occasions we have written Secretary of Commerce Redfield asking him to bear in mind the urgent necessity of recommending to the present Congress the passage of a legislative measure providing for Government regulation of ocean freight rates between this island and the United States. A promise to the desired effect was made by Secretary Redfield to the committee of the undersigned chamber of commerce, which had the honor of calling on him during February last, and we have no doubt that he will comply therewith.

You will remember the complaints which we filed with the said functionary in Washington at that time. Subsequently we have forwarded considerable corroborative evidence anent the inexplicable rise in ocean freights between here and there for want of regulative legislation.

We are now constrained to submit a new datum, which will undoubtedly sway the national administration in our favor and induce the Secretary of Commerce to include in the Government legislative program a measure governing traffic changes as prayed for.

We have reference to the following:

The agencies of the steamship companies which are operating a carrying service between Porto Rico and the United States have received instructions from their respective head offices in New York to charge 30 cents for every 100 pounds of sugar

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shipped from this island to the United States. The freight charged up to this time is 12 cents, and in corroboration of our statement we are prepared to furnish the United States Government signed contracts entered into by and in the possession of several shippers of sugar based on a consideration of 12 cents for every 100 pounds.

The island of Porto Rico will produce during the present crop at least 3,000,000 sacks of sugar containing 250 pounds each. Of this output about 2,000,000 sacks will go to the United States. With the freight at 30 cents per 100 pounds, the carriage of each sack will cost 75 cents, as against 30 cents paid at present. So that, reckoning the increase of 45 cents a sack on 2,000,000 sacks, we find our trade balance will be reduced by \$900,000, which will go to swell the coffers of the monopolizing steamship companies plying out of here, to the grave detriment of this unfortunate island.

This chamber of commerce submits that it is neither equitable nor lawful that ocean carriers should be allowed to raise the freight of a staple product like sugar 150 per cent at 24 hours' notice and such high procedure on their part is made possible only by the lack of adequate and necessary legislation for the regulation of freights.

The commerce of the United States is safeguarded by the interstate commerce act, which provides for and creates a commission to enforce the regulation of interstate freights. But Porto Rico, which is included under the coastwise regulations does not enjoy the benefits of this or any other analogous act, and on the other hand is deprived of the advantages accruing to freight carried in foreign bottoms. It is thus left naked to the machinations of the steamship combine which controls our traffic, and divested of means to neutralize the disastrous effects resulting therefrom.

In view of the foregoing, this chamber of commerce respectfully and earnestly petitions Gen. McIntyre and the Secretary of Commerce, as well as the other officials of the national administration, to recommend to the present Congress the passage of appropriate legislation authorizing Government regulation of freight rates and of other conditions affecting the transportation trade between this island and the United States.

For the past 12 months we have been urgently petitioning your bureau and the Secretary of Commerce to recommend the adoption of such legislation, and we refuse to believe that compliance with our just request will be longer deferred.

You are at liberty to refer this letter to Secretary of Commerce Redfield or to any other Government official, and we respectfully invite and confidently hope for your valuable cooperation in support of the petition of this chamber of commerce in furtherance of the general interests of the Island of Porto Rico.

Respectfully,

CHAMBER OF COMMERCE OF PORTO RICO,
By B. ZALDUENDO.

[The Seattle National Bank, Seattle, Wash. Daniel Kelleher, chairman of the board; Frederic K. Struve, president; J. W. Spander, vice president; R. V. Ankeny, vice president; E. G. Ames, vice president; W. S. Peachy, cashier; H. C. MacDonald, assistant cashier; C. L. LaGrave, assistant cashier; J. H. Newberger, assistant cashier.]

DECEMBER 7, 1915.

Hon. W. G. McADOO,

Secretary of the Treasury, Washington, D. C.

My DEAR MR. McADOO: I was very sorry to be obliged to telegraph you to-day that I could not attend the meeting of the return visit committee in New York next week. I have but recently returned from my trip to the East and the South, and find it impossible to get away again at this season of the year.

It was a great disappointment to me that I was not in the city when you were here in October. I want to say, however, that your visit has done a great deal of good here, and I have heard many favorable comments on your remarks while here.

I was very much interested in the talk we had in Washington in September on the shipping bill. We certainly need something of that kind to be put through immediately, and I trust that you will be able to effect the proper legislation to that end. The whole country seems very prosperous excepting the Pacific coast. We are still suffering out here from the bad effects of the war, and have had really no good effects. The lumber industry has not picked up here, as it has in the middle and Southern States, and throughout the Eastern States. There is a little better feeling, but really not very much improvement. The shipping of our lumber by cargo is cut off to the extent of about 500,000,000 feet a year. This is on account of the lack of ships. The cutting off of this business is just enough to spoil the rest of the lumber business here. Personally, I can not see any hope for recovery on this until the war is over or until we get by proper legislation some ships to transport our lumber. The only other product we would have out here to sell on account of the war would be our wheat, and the ship rates for transporting this to Europe are practically prohibitive. For many reasons, outside of our local reasons, I hope you will be successful in shaping

up some legislation to give the United States ships in which to do our business. It is certainly a shame that in this great country we practically have no ships to do our foreign commerce.

If I can be of any service to you at this end of the line at any time, please do not hesitate to call upon me.

Very respectfully, yours.

DANIEL KELLEHER.

I have also a letter from the Indiana Quartered Oak Co., addressed to the Secretary of Commerce, relating to difficulties arising under the present form of bill of lading which we think would be corrected by the provisions of this bill by placing our shipping under some responsible governmental control, as proposed.

(The letter above referred to is as follows:)

[Indiana Quartered Oak Co., (Inc.), wholesale lumber, 52 Vanderbilt Avenue, New York, Willard Winslow, president and treasurer; Herbert Mead, Jr., vice president; M. G. Taylor, secretary.]

DECEMBER 21, 1915.

MR. WM. C. REDFIELD,

Secretary of Commerce and Labor, Washington, D. C.

DEAR SIR: We wish to call your attention to a matter which may come within your province, or possibly that of the Interstate Commerce Commission, viz, that steamship companies taking lumber from Atlantic ports refuse to give "clean" bills of lading unless the shipper is a member of the National Lumber Exporters' Association. This association compelled the steamship companies to issue and sign bills of lading without inserting the clause "more or less," "shipper's count," or some phrase of that sort, which enable the steamship companies to refuse to make good any shortage. If we get a clean bill of lading, we can make the steamship company produce the number of pieces or bundles shipped or pay the difference. The steamship companies will not state openly that such a condition prevails, but this is a fact, that they discriminate between members and nonmembers of the National Lumber Exporters' Association. We were members of this association for several years, but resigned because we only export occasional carloads of certain specialties, and the dues for membership in the association amount to a considerable sum. We do not think that lumber exporters should be compelled to be members of the export association in order to get fair treatment. As a matter of fact, there is practically always a shortage claimed when the bill of lading is stamped "more or less," or words to that effect. The practical result of this condition is that the profits on lumber exported are just about used up by shortages in every case. The steamship companies count the number of bundles or pieces in every case, but where the bills of lading bear the clause "more or less," etc., they do not take the trouble to handle the goods properly.

Yours, very truly,

INDIANA QUARTERED OAK CO.,
WILLARD WINSLOW, *President.*

Also a letter from Paul C. Hanisch & Co., American Leather Manufacturers' Agents, of 46 St. Thomas Street, Bermondsey, London, in regard to the exacting of excessive freight rates.

(The letter above referred to is as follows):

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, December 21, 1915.

HON. J. W. ALEXANDER,

*Chairman Committee on Merchant Marine and Fisheries,
House of Representatives, Washington, D. C.*

DEAR SIR: I am inclosing for the information of your committee and for any attention which may seem advisable a copy of a letter from Messrs. Paul C. Hanisch & Co., 46 St. Thomas Street, Bermondsey, London, and inclosure, in regard to excessive freight rates.

Very truly, yours,

E. E. PRATT, *Chief of Bureau.*

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(Copy.)

[Paul C. Hanisch & Co., American Leather Manufacturers' Agents, 46 St. Thomas Street, Bermondsey, London.]

DECEMBER 2, 1915.

The COMMERCIAL GOVERNMENT DEPARTMENT,
Washington, U. S. A.

GENTLEMEN: We are strictly American importers of American leathers. It seems to us it is about time the American Government took some steps in regulating freight rates of the American liners. We have been paying advances right along on freight rates. We are getting goods through English lines and are paying from 75s. to 100s. per measurement ton for our goods, which are glazed kid and calf made in America by the leading houses. The war risk is very little nowadays, and that is insured by the purchasers in America. War and marine risk combined, we are paying only 1½ per cent. For the privilege of shipping on an American ship, in common American phrase, we are "soaked" by the American lines. We inclose you a letter we received on our complaint; the contents will speak for itself. We are taking this matter up with your department, and ask you to look into it and see if something can not be done to stop these outrageous charges that the American line is making. We have instructed all our shippers not to ship a single thing in future through the American line.

Yours, truly,

PAUL C. HANISCH & Co.

(Copy.)

[American Express Co., Foreign Department, 10 James Street, Liverpool.]

NOVEMBER 30, 1915.

Messrs. PAUL C. HANISCH & Co.,
46 St. Thomas Street, Bermondsey, London.

DEAR SIR:—We are in receipt of your letter of the 29th instant regarding rate, and beg to state we have no control whatever over the ocean freight. The actual rate paid by us to the steamship company was 79 cents per cubic foot, and we regret very much not being able to reduce it. We are just as concerned over high ocean freights of this kind as you are yourselves, as we know how it interferes with business, but at the present time when space in the steamers is at a premium the steamship companies are taking advantage of the position to increase their rates, which as far as we are concerned we do not consider just, but we have no option but to accept the situation.

With regard to the charge for customs entry and attendance, we believe if you could see the additional time and trouble expended on clearance of goods at Liverpool that you would not for a moment object to pay the charge of 5s. The quays are greatly congested, and it frequently takes one of our men half a day to locate two or three packages due to the cargo of several steamers being on one quay. We will, however, reduce this item to 2s. 6d., and shall be pleased to receive remittance for the amount of £6 10s. 2d.

We believe you will get full satisfaction with regard to the ocean rate if you will communicate with senders.

Yours, truly,

AMERICAN EXPRESS Co.
— — — — — *Agent.*

A letter from J. H. Arnold, commercial attaché of the American Legation at Pekin, forwarding copy of a resolution passed by the executive committee of the American Association of North China, Tientsin branch, which is accompanied by a letter from Mr. E. E. Pratt, chief of the Bureau of Foreign and Domestic Commerce of the Department of Commerce, to the secretary.

(The communications and resolution above referred to, are as follows:—)

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, February 7, 1916.

The SECRETARY OF COMMERCE:

The attached copy of a resolution of the American Association of North China, Tientsin branch, has been forwarded to the bureau with the request that it be handed to you for your personal consideration. The following extract from a letter from Commercial Attaché Arnold will also doubtless be of interest to you in connection with the proposed administration shipping bill:

"As repeatedly pointed out by this office, the European war has created opportunities in China for the expansion of American trade unparalleled in the history of this trade. Our principal competitors in the China trade are, on account of the war, either forced out of the market almost entirely, or sadly handicapped because of war conditions at home. Yet in the face of the greatest opportunity ever presented to us in this market, we find ourselves in the extremely unfortunate conditions of being obliged to depend upon the shipping facilities of a competitor nation whose arbitrary actions in connection with extending these facilities to other than its own nations is calculated to reduce to a minimum the advantages which the war has created for us in China.

"It has been indeed unfortunate for our commercial interests in China that the American flag should have disappeared from the Pacific at a time when it could mean the most for us. Never in the history of our trade with China have we needed American ships more than we now do, and never in the history of this trade could American ships have done more for us than during the present European war. It is to be hoped that the day may not be far distant when our merchants in China may no longer be able to point to the lack of American ships as the main retarding influence in our trade expansion in this part of the world."

E. E. PRATT.

(Copy.)

TIENTSIN, December 8, 1915.

J. H. ARNOLD, Esq.,

Commercial Attaché, American Legation, Peking.

SIR: I have been directed to forward you copy of a resolution passed by the executive committee of this association at a meeting held on the 19th day of November, 1915. It is hardly necessary to mention that the purpose of this association is to foster, consolidate, and promote American interests in China.

Never before have there been such broad opportunities for American business in China as at present. Never before has there been such a full realization of the dangers to American business if it is not protected with the support of the American Government.

The resolution deals with affairs as they now exist and shows clearly to those associated with American trade in China that our commerce can not expand, can not even hold its present position, unless we are in a measure free and independent of shipping and banking facilities of competing nations.

I am instructed to request that you kindly lay this matter before responsible home officials explaining to them present conditions and showing what will be the future state of American trade if it does not obtain the protection and support of the American Government.

Yours, faithfully,

THE AMERICAN ASSOCIATION OF NORTH CHINA, TIENTSIN BRANCH,
-----, *Secretary.*

(Copy.)

Whereas we, the American Association of North China, Tientsin Branch, are vitally concerned in promoting American interests in China, and

Whereas we note with growing alarm the absence of ships flying the American flag operating between the United States and China and the insufficient space allotted to American concerns by ships of nationalities other than American for the conveyance of cargo to and from the United States, and the absence of banks operated by American interests and the discrimination against American firms practiced by banks of other nationalities, and

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Whereas this state of affairs is accentuated at the present time by the arbitrary measures adopted by the officials of certain belligerent nations in dictating terms under which American firms may carry on their business between America and China, such as refusal to accept cargo offered by American concerns except under arbitrary conditions and the refusal of the banks to negotiate American commercial paper (including American consular invoices) except under arbitrary conditions acting under instructions from their Governments: Therefore

We, the American Association of North China, Tientsin Branch, do request our home Government to fully and carefully consider the present burden to American trade in China by the lack of American shipping, and to enact such laws as have proved successful in the foremost shipping nations of the world, thereby laying the foundation for a firm and lasting American merchant marine, and to give due consideration to the advisability of cooperating in the establishment in China of banks operated by American interests for the promotion of American trade.

Also copy of a report of the merchant marine committee of the Louisville Board of Trade.

(The report above referred to is as follows:)

REPORT MERCHANT MARINE COMMITTEE OF THE LOUISVILLE BOARD OF TRADE.

The volume of Louisville's foreign trade ranges from eight to ten million dollars per annum. This trade is made up of agricultural implements, machinery, farm wagons, sanitary supplies, tobacco, grain, flour, mahogany and hardwood lumber, hickory handles, boxes and box material, saddlery and harness, and other manufactured products. Exporting is also done extensively from other points in the State of Kentucky in marketing tobacco, coal, lumber, etc.

A very large import business is also done in coffee, fertilizer material, mahogany logs, and many other commodities of lesser volume.

The export business of Louisville is the means of bringing to this market a large volume of capital that is of vast importance to our manufacturers, to our financial interests, to the employment of labor, and to the steady operation of factories, and, in fact, to all branches of trade.

This large and important part of our commerce is now seriously handicapped by lack of ocean shipping. Ocean rates have been increased to an extent almost prohibitive, and it is impossible to make, with any degree of safety, future contracts with foreign markets. Shipping for our commodities under the American flag is almost totally lacking, and shipping under neutral flags is entirely inadequate. Freight for shipment to foreign countries is now congested at practically all Atlantic and Gulf ports and ocean rates have advanced beyond reasonable limits. Even to South American ports, where shipping is not subjected to the dangers of the war zone, ocean rates have more than doubled.

The following comparison in dollars and cents per 100 pounds on tobacco in hogsheads, as of December 20, for three representative years, is illustrative of the abnormal tax on our commerce to European ports:

From New Orleans to—	1915	1913	1910
Liverpool.....	\$2.28	\$0.53	\$0.35
Rotterdam.....	2.75	.48	.34
Havre.....	2.15	.48	.38
Genoa.....	2.10	.50	.31

It has not been uncommon of late for the price of a ship to be made on one cargo, and it is of record where a cargo of coal from the Atlantic seaboard to Sweden paid an ocean rate of \$14 per ton.

It is, of course, recognized that recent conditions and present ocean rates are abnormal, due to the European war, which has served to withdraw from foreign trade all of Germany's merchant vessels and to so greatly reduce England's ocean carriage of commercial tonnage. It has also had the further effect of advancing to almost prohibitive figures ocean rates of neutral vessels.

Notwithstanding these unusual conditions, it is now well recognized that even under normal conditions the number of merchant vessels available for shipping from

United States ports and particularly vessels owned by citizens of the United States, is inadequate to insure any expansion in foreign trade on the part of this country. It is also further recognized that if there is to be any substantial expansion in the foreign trade of the United States after the close of the war, it must be through the means and by the assistance of an American merchant marine.

The attention of Congress and, to some extent, the country at large, is apparently centered on preparedness for war. Without offering any objection to or adverse criticism of reasonable preparedness against war, we express the belief that preparedness for peace should, at this time, be the first and paramount consideration on the principle that in the present depleted financial and physical condition of the great European nations, a war with any of those countries is remote, whereas commercial preparedness is pressing and insistent at the present moment. Furthermore, peaceful and commercial preparedness in the nature of a merchant marine is a logical step in the direction of military and naval preparedness in that it provides an auxiliary naval armament for use in case of war for transporting both military and commercial supplies.

Therefore, it is urgently recommended that the present Congress be petitioned by this and other commercial bodies to give first consideration to commercial preparedness in advance of military preparedness.

Your committee further recommends that the seriousness of the export and import situation and the importance of our foreign trade be forcibly brought to the attention of our representatives in Congress and in the Senate, and that they be urged to put forth their best efforts at the present session of Congress to insure the restoration of our American merchant marine.

It is felt that in giving consideration to this momentous question that it be approached, not from a partisan standpoint, but from the standpoint of our urgent commercial needs, both present and future, and that, if need be, there be a tearing away from any previously wedded views or party prejudices.

We do not, however, undertake to suggest the means of providing a merchant marine, but to impress the need of it, leaving the solution to the wisdom of Congress, believing that with due consideration for vested interests and with a full realization of our present commercial requirements, that necessary steps will be taken to insure shipping in our own bottoms for our stagnated and suffering commerce, adequate to present needs with ample provision for future expansion, to the end that our rapidly increasing foreign commerce be given opportunity to protect itself and expand in competition with other nations.

R. L. MCKELLAR,
CHAS. F. HUHLEIN,
CHAS. D. GATES,
Committee.

Adopted by board of directors January 19, 1916.

Letter from Mr. E. E. Pratt, Chief of the Bureau of Foreign and Domestic Commerce of the Department of Commerce, together with copy of a letter received from Commercial Attaché Veditz, giving detailed information concerning the proposed French shipping law, and attaching a clipping from the Paris *Le Temps* of January 14, 1916, indicating the features of the proposed law.

(The communication and clipping referred to are as follows:)

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, February 11, 1916.

HON. JOSHUA W. ALEXANDER,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: With further reference to my letter of February 10, I take pleasure in handing you herewith a copy of a letter which has been received to-day from Commercial Attaché Veditz in answer to our cabled request that he forward detailed information concerning the proposed French shipping law; also a clipping from the Paris *Le Temps* of January 14, 1916, indicating the main features of the proposed law.

With kind regards, I am, very truly, yours,

E. E. PRATT, *Chief of Bureau.*

(Copy.)

OFFICE OF COMMERCIAL ATTACHÉ,
36 AVENUE DE L'OPERA,
Paris, January 14, 1916.

CHIEF BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, D. C.

DEAR DR. PRATT: The French Government and the French business world have been much concerned with the problem of ocean transportation and with the problem of creating an adequate merchant marine. To-day, January 14, the Government presented to the French Parliament a project aiming to increase the French merchant marine by providing for Government loans to shipbuilding enterprises. The bill was prepared by M. Louis Nail, subsecretary of the merchant marine. It authorizes the expenditure by the Government of a sum amounting to 100,000,000 francs, to be made during the war and during a period of 12 months following the signing of the peace treaty. This total amount may be loaned to French shipbuilders, subject to the approval of the secretary of the navy, with the consent of the secretary of finances, to furnish a part of the funds necessary for the purchase of vessels in allied or neutral countries. The sums thus advanced are required to bear interest at the same rate as that paid upon sums loaned upon collateral by the Bank of France. The purpose of this law is thus stated by Mr. Nail:

"Throughout the duration of hostilities it is desirable to overcome, at least in part, in the interests of French commerce, the heavy tribute which we must now pay to foreign shippers in the shape of freight charges.

"After the war our maritime trade should have available sufficient means for assuring the establishment of navigation services equal to those utilized before the war and capable of establishing new lines of transportation.

"The circumstances of war have reduced our ocean transportation facilities. The intensive service which has been imposed upon our ships since August, 1914, and the wear and tear which has resulted therefrom, together with the impossibility of reopening our shipbuilding establishments before the end of the war, have made it necessary—if we seek to be prepared in good season—to obtain immediately, outside of France, a certain number of vessels to replace those which are no longer available and to increase the total tonnage available. The Government has considered several solutions of this problem. It has decided that under existing circumstances the desired result can be obtained only by encouraging individual initiative and by granting facilities to shipbuilders which shall encourage and enable them to buy vessels in allied or neutral countries."

It is provided that the maximum amount advanced to shipbuilders shall not exceed 70 per cent of the purchase price, in the case of enterprises already possessing a fleet of less than 20,000 gross tons, and not more than 80 per cent of the purchase price in the case of shipbuilding enterprises already having a fleet of more than 20,000 gross tons.

The whole subject of the creation of a more adequate merchant marine has long been discussed by private and public authorities in France, and the above proposed law appears to be the outcome of a careful consideration of the whole question. Since the project emanates from the Government, it is more than likely to receive favorable consideration on the part of the national legislature, subject, however, to modification in the course of its discussion in the lower and upper houses of the French Parliament.

Respectfully, yours,

C. W. A. VEDITZ, *Commercial Attaché*.

[P. S.—I inclose herewith an article from the Paris *Le Temps* of January 14, 1916, indicating the main features of the proposed law.]

[Translation from Paris "*Le Temps*," Jan. 14, 1916.]

THE PROPOSED LAW CONCERNING LOANS TO SHIPOWNERS.

Mr. Nail, undersecretary of state for the merchant marine, has drafted a bill having for its object the strengthening of our merchant marine. The bill has been placed before the chamber this morning. We believe that there are no differences of opinion on the subject between the shipowners and the Government, as the bill is the result of careful investigation and study.

We give below the most important passages of the memorandum accompanying the bill:

"A measure tending to strengthen our merchant marine should be passed without delay.

"While the war lasts we may reap the advantages of being able to benefit French commerce by recovering, in part, the heavy tribute which we are paying to foreign shipowners in the form of marine freights.

"After the war our maritime commerce will need a number of ships sufficient to insure a continuation of the services heretofore maintained by our companies and to make possible the organization of new lines. It is on this condition only that the economic life of France will be able to recover and to create large resources necessary for the work of national rehabilitation.

"Our ports will be visited by a larger number of ships from now on, and the free play of economic laws will tend to lower the freights. Furthermore, the proportion of French tonnage in our foreign trade will be larger, and action by the Government, if demanded by circumstances, would be of greater effect in the domain of transportation.

"The vicissitudes of war have reduced the effective strength of our merchant fleet. The strenuous service to which our ships have been subjected since August, 1914, the resulting wear and tear, the impossibility of reopening our shipyards before the termination of hostilities, all this compels us, if we would be ready in time, to obtain without delay a number of ships from other countries to replace those lost and to supplement those in active service.

"In its earnest desire to improve the conditions under which the country procures its food supply, to stop the waste of the national wealth, and to secure the future of our merchant marine, the Government has examined various solutions proposed. It is of the opinion that the end sought can only be achieved by encouraging private initiative and giving aid to shipowners in order to induce them to buy ships in allied or neutral countries.

"The granting, under proper guaranties, of loans repayable in annual installments and the determination of a fixed sum to be paid as indemnity in case a ship so acquired should be requisitioned by the Government, are the measures which will best meet the present needs of the shipowners. There seems to be no doubt of the general utility of these measures, as the shipowners will be under the double obligation of keeping the ships so acquired as part of our merchant fleet for five years at least, and of employing them in the French import trade until the crisis now prevailing in maritime transportation shall have moderated."

Some of the provisions of the proposed law are as follows:

"Until the expiration of 12 months after the conclusion of peace the Government may invest a sum not exceeding 100,000,000 francs in loans to French shipowners, to cover a part of the sums necessary for the purchase of ships with mechanical propulsion, from citizens of allied or neutral countries. The interest to be paid on such loans shall be calculated at the rates charged by the Bank of France on loans on securities. Navigation companies possessing a fleet of 20,000 tons or more may receive 70 per cent of the purchase price; those possessing a smaller fleet, 50 per cent.

"After making provision for repayment by the shipowners, the bill provides that Government experts shall inspect the ships which must be seaworthy and in good condition. Article 5 indicates the formalities to be complied with by the shipowner desiring to obtain a loan, the shipowner being obliged, among other things, to give the State a first mortgage on the ship after it has been registered as French.

"Article 6 provides that in the case of a transfer of the ownership of a ship, made during the present war or within five years after the conclusion of peace, the owner shall pay a sum of money equal to the purchase price. He is under the additional obligation, until the expiration of six months after a treaty of peace has been signed, to carry imports intended for French ports only, though one-fourth of the cargo may be carried to allied or neutral countries. Similar provisions are made for owners of tugs and fishing vessels.

"And finally, the indemnity to be paid for ships so acquired when requisitioned by the Government shall be determined in accord with the prevailing charter rates, reduced by 15 per cent."

Mr. CURRY. I have also, Mr. Chairman, a communication here in reference to the China-Java-Japan line, which I would like to have go into the record.

(The communication referred to is as follows:)

[Copy.]

[The Robert Dollar Co., San Francisco, shipping and lumber, 230 California Street.]

FEBRUARY 3, 1916.

MR. ROBERT DOLLAR.

Care of New Willard Hotel, Washington, D. C.

DEAR MR. DOLLAR:

CHINA-JAVA-JAPAN LINE.

This line, as you know, is now running from Java here and we were interested to learn the other day that they are making preferential rates to and from Java, as against other ports of call, their rates to Java being almost one-half what they are between the United States and Manila and Hongkong.

This condition would indicate to us that the line is subsidized by the Dutch Government on similar lines to the Japanese scheme of regulating rates between Japan and the United States, whereas the Japanese vessels are allowed to fill up at outside ports at such rates as they can obtain, thus not only giving Japanese merchants a service, but preferential rates, which enables them to build up their industries.

The United States Government can well take a lesson from this condition.

Very truly, yours,

HUGO LORBER.

MR. HARDY. Mr. Chairman, along that same line, I would like to put into the record a communication which I have from Mr. A. B. Hammond, bearing upon the statements alleged to be made by the different chambers of commerce, and showing the manner in which such chamber-of-commerce expressions are obtained.

Mr. Hammond was invited to discuss before the San Francisco Chamber of Commerce the needs of our merchant marine. Many of the directors of that body found that he differed from their views, and although he was a member of the chamber of commerce, his invitation to address them was withdrawn, showing that these resolutions appear to be cut-and-dried expressions by the directors.

The letter speaks for itself and I ask that it be incorporated in the record.

(The letter above referred to is as follows:)

SAN FRANCISCO, CAL., May 26, 1916.

MR. FRED J. KOSTER.

*Acting President San Francisco Chamber of Commerce,
1332 Merchants Exchange Building.*

DEAR SIR: Under date of the 24th instant, you extended to me the honor of an invitation to speak on the subject of "Needs of our merchant marine" at the luncheon to be given to-morrow at the chamber to the Senators and Representatives who are returning from their recent trip to Honolulu.

While disinclined to undertake the presentation in the five-minute period allotted, of a question which has been consuming the attention of Congress for the last five years, nevertheless, at the urgent request of Capt. Hibberd, who knew my views on the subject and was anxious that they should be presented to the visiting statesmen, I decided to accept, and filled out the invitation response blank accordingly. Yesterday, however, I had a telephone call from Capt. Hibberd stating that Mr. Lynch, vice president and manager of the chamber of commerce, had informed him that inasmuch as the directors of the chamber of commerce had already gone on record as being opposed to permitting foreign built vessels acquiring American registry, to engage in coastwise or intercoastal trade, that they would disapprove of my making any statement in my remarks in conflict therewith.

It is because of this that I to-day communicated with you, who had issued the invitation, with the result that you informed me that the invitation had not better be accepted unless I would confine my remarks to the "seamen's bill." That legislation constituted a national issue for some three years, passed Congress, and became a law last winter. All your guests had participated in the discussion of this legislation

it was before Congress, and many of them had voted in its favor. It, therefore, led to me that a discussion of the "seamen's bill" would not only be boresome, perhaps, also in poor taste.

The board of directors does not care to have the members of the chamber express at variance with questions which they seemingly consider they have settled, nor probable that your guests might feel the same way? Indeed, might not this much greater propriety be the attitude of your visitors? Their action is final and produces results, but the action of the board of directors settles nothing. Indeed, of those who apparently sided with the directors in the action taken are now, standing the facts, opposed to it.

I am not permitted to discuss the most important branch of the whole question, one which vitally concerns the producers of the Pacific coast, and as I am limited consideration of the "seamen's bill," a dead issue, and further, as in my opinion, would be somewhat of a discourtesy to your guests to do so, nothing remains for me but to act upon your suggestion (contained in your letter of invitation), viz, that in event of my not preferring to make an address, you would like me to suggest the names of some gentlemen who, in my opinion, would be best qualified to speak on the subject. I would, therefore, suggest as such speaker, or speakers, any of the representatives or officials of the companies who are now controlling intercoastal transportation through the canal. They, no doubt, can be relied upon to side-step a discussion, the discussion of which seems to cause the directors so much embarrassment at this time.

Very sincerely, yours,

A. B. HAMMOND.

The CHAIRMAN. Gentlemen, this is Rear Admiral Benson, of the Navy, who has been invited to appear this morning and will address the committee on the bill under consideration.

STATEMENT OF REAR ADMIRAL WILLIAM S. BENSON, CHIEF OF OFFICE OF NAVAL OPERATIONS, UNITED STATES NAVY.

Admiral BENSON. I did not understand exactly that I would be expected to address the committee, but that I would be here to give the committee any information I could in connection with this bill. I might, however, give them an idea of what we have been doing in the Navy Department since I have been holding my present position.

Of course, in time of war or preparation for war, it would be necessary for us to very largely increase the number of our auxiliaries in order to carry fuel, supplies, and, under certain conditions, a certain number of men. The principal demand, however, for transports would come from the Army, but should it be necessary for us to conduct a campaign across either one of the oceans, and the broader one particularly, it would be necessary to have a considerable number of transport ships, not only to accompany the fleet, but many to be going back and forth from the source of supply.

When I took charge of the present Office of Naval Operations, I asked the Secretary of the Navy to add certain members to the Board of Inspection and Survey for Ships to inspect all American merchant vessels so as to see to what extent they would answer the various purposes for which we would need them. The General Board of the Navy then took up the characteristics of each type of vessel needed.

For instance, we want some vessels to carry ammunition and, as you know, it is desirable that the powder which we use should be kept at a uniform temperature, and we want a special type of vessel in which we could carry ammunition and keep it at practically a uniform temperature.

In order to carry meats and fresh food it would be necessary to have refrigerated ships, and, of course, we want vessels that can carry fuel

oil and lubricating oil, as well as coal and the many other supplies that a large fleet would need.

Therefore, in order that we might go about it intelligently, the General Board worked out the necessary characteristics for each one of those types of vessels. Take, for instance, the question of fleet scouts, which is a very important element, because by the use of the fleet scouts in advance of the main fleet to seek out and locate the enemy, with our long seacoast, both on the Atlantic and Pacific, it would be necessary to have quite a large number of these fleet scouts. And I might say in this connection that we hope to increase the radius of action of these scouts by the use of aeroplanes. We have now developed means by which we can send an aeroplane from the deck of a ship and to have it go out, we hope, when we can get the proper motors, for a couple of hundred miles in advance even of the fleet scouts and at a great altitude, which would enable them to give us information over a very large area.

But even with this addition we will need a large number of fleet scouts, and necessarily they should be vessels as fast as possible. And so we have worked out the various characteristics of fleet scouts; that is, the speed, the number, the steaming radius, the displacement, the armament, and all the various things that would be desirable; and then as these merchant vessels were inspected by this inspection board they determine from their present characteristics whether or not they would be suitable either as fleet scouts or district scouts, mine planters, harbor patrol boats, fuel ships, or any of the various other types that we would need. And then such vessel is assigned to a particular place in the fleet and to a particular navy yard or shipbuilding plant, in order to fit her out for the particular service for which she is designed. As fast as we can we will have these necessary supplies and fittings placed at the various yards and shipbuilding plants for the purpose of fitting them out.

At present we have 24 fuel ships, and we are asking for a few more. We are also asking for scouts, and particularly for fleet scouts.

The CHAIRMAN. You speak of fuel ships; they are built for naval purposes, are they not?

Admiral BENSON. Yes, sir. We have 12 of the larger ones carrying from 7,500 to 12,500 tons, and then we have a number (6 or 8) of the smaller type of colliers that were bought at the outbreak of the Spanish-American War, but which are very small and rapidly reaching the stage where it does not pay to repair them. It is hardly economical to run them, because they carry so little coal.

And then, of course, we hope in the case of war to be able to draw on the Panama Canal colliers and fuel ships. But even with all of those we find that at present we are short a certain amount, some four or five hundred thousand tons, of what we would need in time of war or proper preparation for it.

And, of course, any vessel, as I understand the bill that is being considered, that would answer any of these various purposes and, even possibly some of those that we have or which are building, in time of assured peace when there would not be a great need for so many, might be utilized for commercial purposes. As you understand, although we built up or should build up, a large battleship fleet, with the usual auxiliaries, we would not expect to keep the whole fleet in full commission, and it would be unnecessary. The

idea is to keep a fleet sufficiently large, or a sufficiently large number of vessels, in active commission for training purposes of the personnel, with constant training, target practice, and maneuvering and working out war games and other strategic features. And then the rest of the fleet—that is, the fighting elements—to be kept in reserve. Under the policy that we have adopted in regard to reserve ships, they should have 40 per cent of their personnel on board, and they should be kept constantly ready for service, the only thing necessary being to fill up the personnel. The stores and ammunition are kept on board, and it is our intention this summer to get all of the reserve battleships to sea and to fill out the necessary complements from the naval militia from the various States. And we are now utilizing and have just inaugurated the policy of utilizing some of the older battleships for this purpose. For instance, the *Kearsarge* is going to the Massachusetts Naval Militia; the *Oregon* has been assigned to the west coast, to California particularly; the *Kentucky* will possibly be assigned to New York and to the New Jersey Militia later on; and some large vessel will be assigned to Philadelphia. The idea is to keep these ships constantly ready and to give the Naval Militia adequate means of exercising and developing. We have assigned in the southern waters, on account of the smaller units of the Naval Militia, a number of destroyers for that purpose for the present, to get them organized and well started.

Of course, it would be extremely expensive for the Government to keep a large number of enlisted men on the payroll to come to colors immediately on the declaration of war, and yet, if these men can be trained in some other way, and, as I understand, the object would be, if we had this organized merchant marine, the personnel there would be available for being brought into the regular service, as the Coast Guard and other branches of the Government service will come under the Navy Department in time of war. And these vessels, instead of being an expense to the Government, could be utilized for commercial purposes, and then, in case of war, they could be turned over to the Navy for the uses for which they were fitted, and thus prevent a great amount of capital lying idle during peace times.

As I understand the general features of the bill, I think that about covers the situation. Of course, if we can get a sufficient number of these fast vessels, properly built under regular rules governing their construction, design, and general arrangement, it would be unnecessary for the Navy Department to ask Congress to appropriate money for those vessels which would be kept lying idle until they were needed for war purposes.

The CHAIRMAN. You have had your attention called to section 11 of the bill, I believe?

Admiral BENSON. I have read it over; yes.

The CHAIRMAN. Do the provisions of that section commend themselves to you? In other words, do you think that if the powers there vested in this board are exercised the result would be to build up a valuable reserve for the Navy?

Admiral BENSON. I believe it would, sir.

The CHAIRMAN. As I understand, your position, of course, deals more with the proper balance of an efficient Navy, to see that sufficient colliers, supply ships, ammunition ships, and refrigerator ships

should be provided. If they were to be provided as a part of the naval program and utilized alone for naval purposes, it would result in a great economic loss, as they would never be utilized except in the event of war. While under this bill, in time of peace, the vessels and their officers and men might be used for commercial purposes?

Admiral BENSON. Yes.

The CHAIRMAN. Of course there is a type of vessel built with primary reference to use in the Navy and which could not be operated economically; those in which, for instance, as I have heard said, there would be such large provision made for fuel and solely for cargo space that it would be very expensive to operate that ship for commercial purposes. And for that reason there are very few vessels now in the Navy, as naval auxiliaries, that could be utilized economically for commercial purposes?

Admiral BENSON. Yes. And I might say, in that connection, that we are asking for some fast scouts, of about 7,500 tons displacement, which we hope will make 30 knots. Of course it would be necessary to have a certain number of vessels of that type and you could not utilize them economically for any other purpose.

The CHAIRMAN. But take the commercial colliers: In the event of war, they would be a valuable auxiliary to the Navy, would they not?

Admiral BENSON. Yes, sir.

The CHAIRMAN. And take a 16, 18, or 20-knot ship built for passenger, mail, and package-freight purposes; in time of war they would be valuable naval auxiliaries in the event we had to carry on operations in some foreign country, as transport and supply ships, would they not?

Admiral BENSON. They could be used for that. And vessels of 20 knots and over we would utilize for scout purposes also.

The CHAIRMAN. And we have a large commerce now in refrigerated meats and fruits between the east and the west coasts of our own country and with foreign countries, and between Central and South American countries and our own. That type, of course, would be a valuable naval auxiliary in time of war; and at the same time they are essentially a type of ship of great value to our commerce in time of peace.

Admiral BENSON. We have them all listed now, sir, just what each one would be able to do.

Mr. EDMONDS. Are these ships which you have in your list there the same as given in a communication from the Secretary of the Navy to the Secretary of the Treasury on July 27, 1915?

Admiral BENSON. Of the same general features; yes.

Mr. EDMONDS. The same general features?

Admiral BENSON. Yes.

Mr. EDMONDS. Excepting the very fast scouts, which you have not included in the list sent to the Secretary of the Treasury, I suppose?

Admiral BENSON. In regard to fleet scouts, I would like to give you one point: We would like to have them make not less than 16 knots speed. Of course, they must be seaworthy and make not less than 16 knots. If I remember correctly, we have about 14 of them now, and we want altogether of those, with these coming from the merchant service, 32. I went over the list about a month ago and,

if I remember it, we had 10 or 14 either already available or that might be utilized. I am simply giving these figures from memory; but I remember that I was surprised at the number we have that we could utilize. But that would still leave us 16 of these fast vessels that we would want to utilize for fleet scouts.

The CHAIRMAN. 16-knot ships?

Admiral BENSON. Not less than 16 knots. That is the limit we have set for that purpose.

The CHAIRMAN. And about how many colliers and merchant ships are there that could be utilized?

Admiral BENSON. We call for fleet colliers. We do not want very many of those, because we have quite a number. They are built with the idea of following the fleet and not being utilized unless what we call "service colliers" run short. We have 12 of these fleet colliers, so that we would only need 4 more. They would have to make at least 14 knots and should have a steaming radius, of course, of 8,000 miles. Those are fleet colliers, and they would have to make that speed.

Mr. HARDY. What would be the tonnage of those fast 16-knot vessels?

Admiral BENSON. A speed of not less than 16 knots and a tonnage as great as practicable, but not less than 5,000 tons.

Mr. HARDY. For each vessel. That would be 80,000 tons required of those 16-knot vessels?

Admiral BENSON. Yes; that is the least, sir. Of course we would like to have them larger.

Mr. HARDY. And what would be the tonnage of the colliers?

Admiral BENSON. We want four of those of not less than from 6,000 to 8,000 tons. Take 7,000 tons, that would be 28,000 tons. We have them in the list here at 7,500 tons. Of course we would have to run them for long distances, and we would like them of seven or eight thousand tons. And at 7,500 tons, we want four of those.

The CHAIRMAN. Those are colliers to accompany the fleet?

Admiral BENSON. Yes, sir.

The CHAIRMAN. They would have to have a base of supplies, and if we had a large merchant marine the ordinary type of ship—

Admiral BENSON. I might add here, sir, that we have provided for that by what we term the "service" collier; that is, it would run between the base of supply and the fleet. And we need, as I say, for one of those long campaigns at least 200 of those, and we would want them to carry about 5,000 tons or more.

Mr. HARDY. Two hundred what?

Admiral BENSON. Two hundred service colliers to go from the fleet to the base of supply. For instance, if we were getting our coal—if we were operating across the Pacific, the reason we would want such a number would be because there would be a long distance for them to cover, and they would have to be going and coming all of the time. And, as you understand, with ships operating in time of war in the face of the enemy they have to move at high speed, or be ready to move at high speed at a moment's notice. Everything has to be tuned up to high speed.

Mr. HARDY. I would like to correct an impression I got when you first started. You said something about being short 100,000 tons.

Admiral BENSON. Between four and five hundred thousand tons.

Mr. HARDY. Along that line, my memory is that I saw a statement by the Secretary of the Treasury as coming in answer to a letter by him to the Secretary of the Navy which was answered, however, by the Acting Secretary, or perhaps by yourself—

Admiral BENSON. Yes, sir; it was.

Mr. HARDY. And in that statement, as I remember, you stated that the needs of the Navy for auxiliary craft amounted to considerably over 1,000,000 tons. I would like to have you tell us just what your statement was.

Admiral BENSON. As I remember it then, and as I got it from the data, it was about one million, two or three hundred thousand.

Mr. HARDY. A million and a quarter tonnage of large vessels, and it seems to me you said three or four hundred smaller vessels?

Admiral BENSON. They were short, if I remember, three or four hundred thousand tons.

Mr. EDMONDS. I can give you the statement from the Secretary of the Navy's letter. I have it right here. It says:

There would be required 400 merchant vessels for auxiliaries, with a total of 1,172,000 gross tonnage. In addition to the above, should our own coast be invested or even occasionally visited, there would be required a large number of small vessels fitted for mine sweeping, say at least 324 of such vessels of about 150 gross tons each.

Mr. LOUD. That would be colliers?

Mr. EDMONDS. That covers colliers, scout ships, and everything.

Mr. HARDY. That includes what we already have and what we would have to get. How much of that have we already, and how much would we need?

Admiral BENSON. The conditions are practically the same now as they were at the time this letter was written; that is to say, we need about 500,000 tons.

Mr. EDMONDS. I think that is probably right, Judge Hardy, because it says here that for fleet colliers the number required is four, and the admiral says we have a certain number and would require four more. And so it is evident this is only made to cover the present requirements of the Navy.

Mr. HARDY. That is the total requirement. What I want to get is what they already have and what they have to get.

Mr. EDMONDS. They would be deducted?

Mr. HARDY. I understood the admiral to say we need about 500,000 more tons than we have.

Admiral BENSON. Yes, sir; we need 500,000 tons of additional displacement to the present auxiliaries to bring the present auxiliaries up to what they should be; I mean when the fleet is brought up to its proper standing.

Mr. BYRNES. As I remember reading that letter which Mr. Edmonds has, in the letter the admiral stated, as I recall distinctly, the number we now have and stated how many we would require after counting those now in the service.

Mr. HARDY. If that is in the letter that answers the question.

Admiral BENSON. The conditions are just the same practically, and that letter was taken from the records of the department.

Mr. EDMONDS. This is only an extract from the letter. I do not have the full letter here.

Mr. HARDY. I would suggest that that letter be placed in the record at this point.

(Copy.)

NAVY DEPARTMENT,
Washington, July 27, 1915.

The honorable the SECRETARY OF THE TREASURY.

SIR: Referring to your letter of the 20th instant, the following information is furnished in reply to your specific questions. If the information is not sufficiently complete, or if you should desire further information, I shall be very glad to furnish it.

The answer to question No. 1 is applicable to both (a) (war in the Pacific) and (b) (war in the Atlantic), as in either case it would require the services of our entire fleet and the auxiliaries enumerated are those required for the fleet.

1. Considering our Navy as it is to-day, and having reference to its maximum usefulness and efficiency in time of war, what merchant vessels and of what total tonnage would be required?

There would be required 400 merchant vessels for auxiliaries with a total of 1,172,000 gross tonnage. In addition to the above, should our own coast be invested or even occasionally visited, there would be required a large number of small vessels fitted for mine sweeping, say at least 324 of such vessels, of about 150 gross tons each.

The above vessels are divided into groups, as follows:

(a) Fleet Scouts:

Number required: 32.

Characteristics:

Fast passenger vessels, of high speed, great steaming radius, and good sea-keeping qualities.

Speed not less than 16 knots.

Not less than 3,000 gross tonnage.

(b) District Scouts:

Number required: 20.

Characteristics:

Small coastwise steamers, good sea-keeping qualities, fair steaming radius.

Speed not less than 13 knots.

Gross tonnage 1,500 to 2,000 tons.

(c) Mine planters:

Number required: 5 large; 10 small.

Characteristics:

Freight or passenger vessel with clear decks for installing tracks for mines.

Speed at least 10 knots.

Gross tonnage: Large, 1,500 tons; small, 900 tons.

(d) Mine sweepers:

Number required: Not less than 324.

Characteristics:

Fishing vessels, trawlers of 150 gross tonnage.

Speed 10 knots.

Draft not over 12 feet.

(e) Fleet colliers:

Number required: 4.

Characteristics:

Well-designed cargo hatches; independent power and separate winches for each hatch; cargo booms sufficient and well placed.

Speed at least 12 knots.

Steaming radius, 6,000 to 8,000 miles.

Gross tonnage not less than 5,000 tons.

(f) Service colliers:

Number required: At least 200.

Characteristics:

Good facilities for discharging coal with booms and winches.

Speed at least 8 knots.

Gross tonnage not less than 3,000 tons.

(g) Depot colliers:

Number required: 57.

Characteristics:

Good qualities for discharging coal with booms and winches.

Speed at least 8 knots.

Gross tonnage not less than 3,000 tons.

246 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

- (h) Fleet oilers (tankers):
 - Number required: 7.
 - Characteristics:
 - Good appliances for discharging cargo.
 - Speed as near 14 knots as possible.
 - Gross tonnage at least 3,800 tons
- (i) Service oilers:
 - Number required: 35.
 - Characteristics:
 - Good towing facilities, large ballast tanks, and appliances for discharging cargo.
 - Speed at least 8 knots.
 - Gross tonnage at least 3,000 tons.
- (j) Depot oilers:
 - Number required: At least 5.
 - Characteristics:
 - Good appliances for discharging cargo.
 - Speed at least 8 knots.
 - Gross tonnage at least 2,000 tons.
- (k) Supply:
 - Number required: 6.
 - Characteristics:
 - Good facilities for handling stores; refrigerating plant and cold-storage holds for meats and vegetables.
 - Speed at least 12 knots.
 - Gross tonnage at least 3,000 tons.
 - Type of vessel: *Iowan*, passenger service, American-Hawaiian Steamship Co.
- (l) Transports:
 - Number required: 4.
 - Characteristics:
 - Passenger vessels capable of carrying at least 1,000 men with their impedimenta.
 - Speed at least 14 knots.
 - Gross tonnage at least 4,000 tons.
- (m) Repair ships:
 - Number required, 2.
 - Characteristics:
 - Freighters, with at least 50-foot beam with plenty of cargo space between decks.
 - Speed at least 12 knots.
 - Gross tonnage not less than 5,000.
- (n) Ammunition supply:
 - Number required, 8.
 - Characteristics:
 - Good facilities for handling ammunition; refrigerating plant.
 - Speed at least 13 knots.
 - Gross tonnage at 3,000 tons.
 - Type of vessel: "Pastores," United Fruit Co.
- (o) Hospital ship:
 - Number required, 4.
 - Characteristics:
 - Passenger vessels, capable of carrying 30 sick officers and 500 sick men.
 - Speed at least 14 knots.
 - Gross tonnage, 6,000 tons.
- (p) Mine depot:
 - Number required, 3.
 - Characteristics:
 - Freighter with large cargo space between decks.
 - Speed at least 14 knots.
 - Gross tonnage at least 4,000 tons.
- (q) Destroyer tenders:
 - Number required, 2.
 - Characteristics:
 - Passenger ship with storage capacity for pay stores.
 - Speed at least 14 knots.
 - Gross tonnage about 3,500 tons.

(7) Submarine tenders:

Number required, 2.

Characteristics:

Combination freight and passenger vessel.

Speed at least 12 knots.

Gross tonnage about 3,500 tons.

(8) Fleet tenders (tugs):

Number required, 4.

Characteristics:

Good towing facilities, seagoing qualities.

Speed at least 12 knots.

Gross tonnage, 500-1,000 tons.

2. What amount of tonnage of merchant vessels could be constructed in our navy yards in 12 months without interfering with the regular naval program?

Taking vessels of about 10,000 tons displacement and of about 20 knots speed as the type that would be built, it can be stated positively that none could be completed within the first 12 months.

Approximately six months would be required to prepare plans and place the orders for the material required for vessels of a new design.

It would therefore require about two years to produce the first ships, and six such vessels could be constructed simultaneously during that time. To do this would require that the boilers for one of these ships be purchased from outside manufacturers, as the navy yards are not equipped for the construction of more than five such batteries of boilers.

After two years ships could continue to be produced at the rate of about 7 a year, provided they were reproductions of those already built.

The above estimates are based upon the assumption that additional skilled men could be obtained without more than the usual delay. If it were intended to supplement the facilities of the private yards by those of the navy yards, the question of obtaining the requisite skilled labor would become the most serious feature and would materially delay the delivery of the first vessels.

The following tabulation shows the conditions at each yard:

Boston, Mass.: Hull of first vessel in two years, machinery in two and one-half years, after which one vessel a year can be supplied.

New York, N. Y.: Hulls of two vessels in two years and machinery for one in same time. After first vessels completed, two vessels a year can be turned out complete at this yard.

Philadelphia, Pa.: Hull of first vessel in two years, machinery in two years, except boilers, which would have to be procured elsewhere. After first vessel is completed, one vessel a year can be turned out.

Norfolk, Va.: Hulls of two vessels in two years, and machinery for one in two and one-half years. After first vessel is completed one vessel a year can be turned out.

Mare Island, Cal.: Hull and machinery of first vessel in two years, after which one vessel a year can be turned out.

Puget Sound, Wash.: Hull and machinery of first vessel in two years, after which one vessel a year can be turned out.

Portsmouth, N. H., and Charleston, S. C., can not, without great expense, be made ready for such construction work, but these yards would be utilized to specialize in furnishing parts to all the other yards for constructional purposes.

After the first two years it would be possible to materially increase the number of vessels turned out, as well as to reduce the time of construction. In certain cases this reduction would be as much as six months, but as both the number of ships and the time of construction depend upon largely increasing the facilities of the various yards during the first two years, it is not practicable to estimate with accuracy what the production would be.

Sincerely, yours,

W. S. BENSON,
Acting Secretary of the Navy.

Mr. GREENE. I would like to ask, Admiral, about what would be the average cost of those vessels that you suggest; about what would be the cost of each vessel, and how many would you need?

Admiral BENSON. For these fleet colliers, I think we have been paying about \$1,000,000. At the present price—of course they have

gone up a great deal—I suppose they are about \$1,770,000; either a million and a half, or a million and three-quarters.

Mr. LOUD. Is that the present large type of colliers?

Admiral BENSON. I am simply giving it offhand, sir.

Mr. LOUD. The first ones I do not think cost over \$900,000, and the next ones cost a million or a little more than that—the later ones.

Admiral BENSON. I was judging a great deal from the fact that I just happened to remember we are building a 10,000-ton transport at the Philadelphia yard for about \$1,300,000. A collier would practically be the same, or would probably cost a little more than that.

Mr. GREENE. It was not with the idea of expecting to find the cost would be so great that we could not have them. I just wanted to have the information as to what it would be, because we would have to have them anyway.

Mr. GOODWIN. Did I understand you to say, Admiral, that we now need 200 additional colliers to supply the ships from the different bases?

Admiral BENSON. Not only colliers, but all types of auxiliaries—about 500,000 tons.

Mr. GOODWIN. About what would be the average cost of the proposed auxiliaries when fully equipped and fitted out with guns?

Admiral BENSON. I have a list of the figures here. The *Kanawha* was built for \$1,140,000. That is the contract price for the hull and the machinery. The contract price for the *Maumee*, which is being built at the Mare Island yard, is \$1,140,000; and then the figures run \$990,000 for one; \$889,000 for another, \$990,000 for another, and \$951,000 for another. Of course, the guns and other arrangements would be additional—a few thousand dollars more.

The CHAIRMAN. What type of ship are you speaking of, cruisers?

Admiral BENSON. Fleet colliers. I thought the committee was asking for fleet colliers.

The CHAIRMAN. That is not the type of collier that is used for ordinary commercial purposes, is it?

Admiral BENSON. That is the kind of collier of which we would want four, to make 14 knots and to carry from ten to twelve thousand tons of coal. That is the type I had reference to then.

Mr. CURRY. Should they not be naval ships, built by the Navy and controlled by the Navy, and not a merchant ship to be transferred? The Navy needs those ships now, and should it not have entire control of them?

Admiral BENSON. We do need a certain number; but we have, just at the present time, for the present needs of the fleet, practically as many of these vessels as we need. Of course as we increase the size of the fleet, in case of calling the whole fleet into active commission, we would need more colliers. But, as I said just now, the idea is not to keep the whole fleet always in active commission cruising about, and I believe the present number of colliers that we have would practically keep the fleet going as it is being conducted at present. And if we could have some of the same type of vessels built under Government supervision, and with the understanding that in case of war they would be immediately available for the Government service, I see no reason in the world why it should not be done, and to allow

these vessels to be used for commercial purposes until they are needed by the Navy for war purposes.

Mr. CURRY. Do you know, Admiral, of any reason why the colliers and the transports of the Government that are not being used at the present time should not be used to relieve the congested conditions?

Admiral BENSON. I do not think, sir, that we have any to be utilized for that purpose. For instance, just at present, we are very hard put to get fuel. We are maintaining a ship in the Mediterranean and one down on the African coast, and I have been very hard put to keep that vessel supplied and the vessels that are operating in the West Indies and out on the west coast in the Pacific. But we have so far and we can, by proper arrangement, keep the fleet going with the number that we have. For instance, at the present time we are utilizing some of the colliers to send some coal to Cavite, and we have had to send some colliers out there and to the other stations in the Philippines. On account of the congested conditions of the freights we have been compelled to supply the navy yards along the east coast with coal, and we have used the colliers for this purpose. But under normal conditions, with the railroads operating and business being conducted under normal conditions, I believe the colliers we now have would be sufficient to keep the fleet going as we are now conducting it.

Mr. CURRY. Do you know about the transports, as to whether they are all being used—the Army transports?

Admiral BENSON: That I do not know, sir. In regard to the Army transports, if you remember, there was a line of steamers operating in the Pacific for a while, and we depended on them to get supplies back and forth to Guam, to our naval station out there; but now that line has been withdrawn, and the needs of the Army for getting supplies to the Philippines are so great that we have been compelled to utilize the services, as far as we can, of a line of schooners running from San Francisco to Guam and out in the East. Of course, in case of necessity the Army is good enough to allow us a certain amount of space on the transports. It is very limited, and we can only depend on that where necessity exists; but, of course, where it is a case of necessity the Army always gives us the space that is actually needed.

Mr. CURRY. If the United States Government went into the merchant marine business and a merchant marine ship owned by the Government should be picked up by a belligerent and taken into a prize court, either in Great Britain or Germany, what effect do you think that would have on the friendly relations between the two nations?

Admiral BENSON. As I understand this bill, sir, that point is covered by saying when they are operating as merchant ships that the United States surrenders that particular feature of sovereignty; that is my understanding of the bill.

The CHAIRMAN. They are operated through a corporation and the Government controls the corporation through a majority ownership of the stock; but for all other purposes it is the same as a private corporation.

Mr. CURRY. The Government owns the corporation, and we do not expect anyone to put any money in this except the Government, and they will be Government owned ships, and the Government will

receive the profits and stand the losses. And now if that Government-owned ship was taken into a prize court, was taken up by a belligerent and taken into a prize court, would that not be looked upon as a more unfriendly act than if the ship were owned by me or by you?

Admiral BENSON. In my opinion, sir, there is a very delicate point of international law involved in the question, and its ultimate decision would depend entirely upon the way the bill is drawn. My idea in reading over the bill, was that Congress would cover that particular feature of international law, and this point would not be called into consideration.

Mr. EDMONDS. It can not be covered in this bill, for the reason that the board is to purchase, construct, and charter ships, and also to recharter ships to be operated either by the company as a tool of the Government or outside of the operating company. The third section of this bill provides that the Government board shall purchase, construct, and charter ships, and it has also the privilege of rechartering ships. And, of course, when one of those ships is rechartered, while the ownership remains entirely in the Government, it has nothing to do with the operating company.

Mr. CURRY. But then the operating company is under the control of the Government?

Mr. SAUNDERS. Having in mind, Admiral, that delicate question you present, that would certainly be to the front if at the time the ship was operating the Government owned all the stock in the company. This bill provides for a majority and a minority stock ownership, if you can get anybody to take that stock; but in the event that it was not taken and all of the stock was owned by the Government and the operation of the company under those conditions, that delicate question of difficulty which you have in mind would certainly be to the front then, would it not?

Admiral BENSON. It certainly would, I think. And I do not see how you could avoid it unless in the passage of the bill the Government committed itself to the principle that, having gone into this kind of commercial use, if it is a Government-owned vessel, and in case of war the vessel were taken into a prize court, that the Government would allow its vessels to be treated in the same way that the ordinary merchant or privately owned vessels are treated and would waive that feature, as I said, of sovereignty. I do not see how else it could be avoided.

Mr. CURRY. Even though the Government should be willing to do that, do you not think if a Government-owned ship were picked up by a belligerent under those conditions, that it would set the people on fire and they would get rather more belligerent than they would if the ship belonged to me or to you?

Admiral BENSON. That would depend a great deal upon the condition of public feeling at the time, I think.

The CHAIRMAN. Right at that point, I suppose Mr. Curry has a notion that the Government would be more sensitive of its rights because of the fact that the ownership of the ship was in the Government and the ship was operated through this corporation, than if it belonged to an American citizen. He differentiates between the rights of American citizens and of the Government itself.

Admiral BENSON. As I understand that feature, it would be this sir, that when you attack anything belonging to the Government

you attack every citizen of the Republic; while if you attack an individual, that is a separate proposition.

Mr. SAUNDERS. Under the head of what you call "naval auxiliaries," they are not fighting ships, as I understand, are they?

Admiral BENSON. No, sir; but they would carry a certain battery in time of war. Some of our vessels which we have now carry a small battery of light, small-caliber guns.

Mr. SAUNDERS. As I understand in a general way what you mean by "naval auxiliaries," they would be ships that would carry fuel, whether oil or coal, food of different sorts, and all the material that would be necessary in connection with the operation of a ship—ammunition, etc.?

Admiral BENSON. Yes, sir.

Mr. SAUNDERS. Taking the ordinary ship that was purchased under this bill and put into operation as part of a commercial line between here and South America—would that ship be, unless it were specially constructed with reference to the purpose, available for carrying frozen meats? Take the ordinary liner operating in the trade between here and South America, picked up and bought for that purpose, could you, in time of war, use that as a frozen-meat carrier without overhauling or reconstructing the interior?

Admiral BENSON. There are, for instance, certain ships that do carry frozen meat. There have been several cargoes of meat brought into this country from Argentina.

Mr. SAUNDERS. I understand, but I am taking a ship not engaged in that particular business. I want to know if you have in mind that in the purchase of these ships you would have to purchase one or more ships for that very purpose, in time of peace, of transporting frozen meats, should you want to avail yourself of it in time of war.

Admiral BENSON. Exactly, sir; and as fast as merchant ships are built in this country, we get their characteristics and know everything about them, and we have a list of them and we know the owners, and we have even gone so far as to draw up the contracts and everything of that kind, and we know just exactly for what we can use them, and whether they have proper refrigerator plants and how many pounds of meat they will carry.

Mr. SAUNDERS. That is what I have in mind.

Admiral BENSON. We have all of that data now.

Mr. SAUNDERS. In order that any of those ships contemplated by this bill could be utilized in time of war, as frozen meat carriers, they would have to be bought up and constructed under the bill in reference to that particular purpose?

Admiral BENSON. Exactly.

Mr. SAUNDERS. Take your ordinary merchant ships between here and South America, for instance one of those ships used in the fruit trade, in which there is now a considerable business; would that ship, if wanted for use in time of war, be available as an oil or coal carrier, or would that, too, have to be constructed in the beginning with reference to that particular use?

Admiral BENSON. You mentioned fruit steamers. We have them listed for a very particular purpose, and they could be immediately used for that purpose practically without any change at all, for certain purposes for which we intend to use them and for which we have them listed. And we would naturally take the vessels that were

being utilized for carrying coal or oil, as the case might be, and utilize them for the same purpose in the Navy.

The CHAIRMAN. You would not use them for carrying frozen meats, would you?

Admiral BENSON. No.

The CHAIRMAN. Or fruits?

Admiral BENSON. No; we would not.

The CHAIRMAN. But if there were not any vessels of the particular type you wanted, of course there would have to be others provided?

Admiral BENSON. They would have to be provided; and I take it that in the construction of those ships, under this bill, that feature would be looked after.

Mr. SAUNDERS. If those ships are to be utilized in war times for those special purposes, in purchasing you would have to purchase with a view to that? In other words, you would have to purchase ships with a view to use in the frozen-meat business, and between now and war times they would have to be used in the frozen-meat business. And now, with respect to coal, I come back to the question I was asking with respect to the fruit steamers: You could not use that steamer in war times as a collier?

Admiral BENSON. Oh, no.

Mr. SAUNDERS. And then we would have to purchase, under this bill, if you would want to turn them into colliers in war times, ships which could be used in the intermediate time for coal-carrying purposes?

Admiral BENSON. Yes.

Mr. SAUNDERS. And so on for the purposes under this bill all the way through. Taking the ships we would purchase under this bill that could be used in the ordinary commerce between here and South America, those carrying the products of that country, such as tramp steamers, in regard to their utility in war times, for what particular purpose would they be used?

Admiral BENSON. It would depend upon their speed and the general arrangement of their holds, whether or not they had a refrigerating plant on board, and so forth.

Mr. SAUNDERS. I am just taking the ordinary steamer that is used between here and South America.

Admiral BENSON. They would probably be utilized for what we call "service colliers;" just simply for dumping coal into the holds.

Mr. SAUNDERS. Would the ordinary steamer be available for that purpose without any special construction?

Admiral BENSON. A large number of them would, with a very small expenditure. Of course, most any of those ships, in time of war, for instance, if they did not have a proper radio outfit, we would have to supply them with a radio outfit for one thing, and then some system of signaling should be put on board. And as these vessels are inspected all of these features are taken into consideration and they are assigned to the type which they nearest approach; that is, as we get them now, as they are built by the ordinary corporations, and so on. And then some of them would not exactly fill the bill but approach very nearly what we wanted, the changes that would be necessary are all listed, and we know exactly where any vessel would be sent and just exactly what would be done. And we not

only know that here in the Navy Department, but the yard to which they would be sent knows just exactly what vessels would come there and what would have to be done on them in order to fit them for the purpose for which they are intended in time of war.

Mr. SAUNDERS. I understand about that; but the thought I was trying to get at was in connection with our purpose under this bill, of how we would have to purchase ships in order to make them useful. This bill has in contemplation an ordinary commercial business—a merchant-marine business. Suppose we had half a dozen ships to buy under this bill, such as the fruit steamers are, and we undertook to put them into the fruit business and other commercial operations between here and Central America and portions of South America, for what purpose would those ships be available in time of war if they were taken over?

Admiral BENSON. In order to comply with the spirit of the bill, as I understand it, it would be necessary to take this list which I have here, which has been very carefully gone over by the General Board, and we have worked out exactly what we want; and if the vessels we were going to purchase would not answer one of those types, we would not buy it, and we could not according to the spirit of the bill.

Mr. SAUNDERS. Then, in purchasing vessels under the spirit of this bill, we would primarily have to get ships that would fill the requirements that you have in mind there?

Admiral BENSON. They would have to fill some requirements that we have in this list; otherwise I do not think the ships could be purchased under the spirit of the bill.

Mr. SAUNDERS. A great body of ships that would be very effective for ordinary commercial purposes on the high seas in the various lines of intercourse between here and other countries, would not be of any particular utility in time of war?

Admiral BENSON. On the contrary, sir, most of them could be utilized for that purpose.

Mr. SAUNDERS. I am trying to bring out, taking the ordinary steamer, the particular utility that that would have. Take the ordinary tramp steamer that comes into a port of 4,000, 5,000, or 6,000 tons, or even 10,000 tons, for that matter, which loads a miscellaneous cargo?

Admiral BENSON. That could be utilized for carrying thousands of tons of the ordinary provisions. It would be a mixed cargo, just as they are carrying now, sir. We would have a need for a number of those.

Mr. SAUNDERS. A steamer of that sort, however, would not be valuable for the scouting purposes that you spoke of?

Admiral BENSON. Not unless of high speed, of over 16 knots, it would not.

Mr. SAUNDERS. What is the ordinary speed of the commercial line steamers, if there is any such thing? Can you give the average of that for transportation purposes?

Admiral BENSON. Do you mean at present?

Mr. SAUNDERS. Yes.

Admiral BENSON. I should imagine the ordinary tramp steamer, as you express it, going from here to South America would average probably 12 to 14 knots.

Mr. SAUNDERS. With the limited appropriation contemplated under this bill, with all the steamers that would be available as colliers in time of war, steamers that would be available as oil carriers in time of war, steamers that would be available by reason of their original construction for carrying frozen meat in time of war, and steamers that would be fast enough to be utilized as scouts in time of war, you would have a miscellaneous collection or assortment of ships that could hardly be utilized to build up any established line, for instance, as we have between the United States and Europe or the United States and South America, could they?

Admiral BENSON. As I understand it, you contemplate establishing several lines and the demands that one line of vessels would require would be different from another. For instance, in course of time it is easy to imagine that you might want fast passenger steamers running between our coast and South America, that would be able to answer the purpose of scouts. And you might want to carry a little higher class of freight, or you might want, for instance, between certain ports; as I understand it and my experience has been, a ship that is constructed and fitted out for a particular purpose. Take the Pacific Mail ships that run out across the Pacific; they would answer very well for scouts; and if these are sea-going ships in ordinary weather even vessels that would run, say, from San Francisco to New York, through the canal, would undoubtedly have sufficient speed and carrying capacity to answer almost any purpose for which we wanted them.

Mr. SAUNDERS. A ship with respect to space construction that I speak of, for instance, like those meat, oil, or coal carriers; they would not be available for general purposes in commercial transportation, and they would have to be confined to that particular line of work, I suppose?

Admiral BENSON. I do not think so, sir. For instance, I do not see any reason why the big colliers that carry 12,500 tons of coal, and you wanted to use them for general cargo purposes, could not be suited for that purpose.

Mr. SAUNDERS. They would be available?

Admiral BENSON. Yes, sir.

Mr. SAUNDERS. How about frozen-meat ships?

Admiral BENSON. A frozen-meat ship is, of course, a specially designed vessel. But I do not think we would have any difficulty in that, because from present appearances the trade between this country and Argentina in frozen meats will probably increase. Of course, you would want vessels of fairly good speed, and which would have large spaces that could be kept refrigerated at all times.

Mr. SAUNDERS. An oil tanker, though, I suppose would not be available for anything else except the transportation of fuel oil.

Admiral BENSON. Not very well. I can not imagine of any other use.

Mr. SAUNDERS. But for the ordinary colliers, do I understand, if you wanted to transport such miscellaneous cargoes as go between New York and Europe, for instance, in those fast passenger boats or in the ordinary tramp steamers, that a collier would be suitable for that sort of commercial traffic?

Admiral BENSON. I think so, sir; that is, for a cargo steamer. For instance, suppose you take a collier leaving to-day or to-morrow for

the Mediterranean, instead of filling up all spaces with coal, they would take some of the hold space and put a miscellaneous cargo in it; and if they wanted to carry more of that character of cargo they would simply take up more of the space. There would be no reason in the world why those colliers should not be utilized for carrying miscellaneous cargoes.

The CHAIRMAN. Judge Saunders seems to have the impression that ships adapted to carrying frozen meat are not adapted to carry any thing else.

Mr. SAUNDERS. I am just developing that fact, to find out.

The CHAIRMAN. Take the American-Hawaiian ships; they are most modern in construction. Their principal cargo is sugar, but they are adapted not only to carrying sugar but general cargoes, and they have a certain part of the space for refrigerator purposes, to carry frozen meats, and they also carry coal.

Admiral BENSON. I do not think they carry coal.

The CHAIRMAN. They carry a general cargo.

Admiral BENSON. I think they carry a general cargo, but I do not believe that with those vessels you could economically carry coal, because they are probably divided up in spaces in such a way as not to be suitable for that purpose. And they have various ways of getting at the different hold spaces. For instance, you take the Hawaiian steamers. I am not sufficiently familiar with all of their internal construction; there might be places where they could carry some coal, if the hold was vacant, there is no reason why they could not have coal put in.

The CHAIRMAN. But they are adapted to a general cargo?

Admiral BENSON. Yes, sir.

The CHAIRMAN. They are also adapted in part, as I understand, to carrying a thousand or more tons of frozen meat.

Admiral BENSON. Anything that you want to put in them.

Mr. SAUNDERS. This 500,000 tons shortage that you spoke of a moment ago—did that have reference to the fleet at its present size, or does it contemplate the fleet under some scheme of development.

Admiral BENSON. That would be the contemplated development of the fleet in the next five or six years.

Mr. SAUNDERS. According to what plan?

Admiral BENSON. Of course, we are trying now to establish a building policy, as you know, and that would give us an increase of 10 battleships, 4 battle cruisers, a certain number of destroyers, submarines, and other craft in the next five years.

Mr. SAUNDERS. It was in connection with that?

Admiral BENSON. Yes; in connection with that. That would answer the purpose for the development up to that time—I think about 1921.

Mr. GREENE. I would like to ask the Admiral if he is familiar with some of the ship subsidy bills that have been offered in Congress previously, which had provision for naval auxiliary ships for certain purposes, and matters of that kind?

Admiral BENSON. I am not familiar with them.

Mr. GREENE. I would suggest that there have been bills presented in which it was proposed to do practically what is proposed in the shipping bill, in the way of allowing the Government to use the vessels when necessary in case of war. So that this proposition

exactly the same as the subsidy bills were that were not adopted; and this proposition is not yet adopted, but it is proposed along the same line.

The CHAIRMAN. This is a different method of accomplishing the same purpose, I take it.

Mr. GREENE. Oh, yes; but at a great deal less expense under the proposition of subsidy than under this proposition, which is a double-dyed subsidy.

Mr. EDMONDS. Do you know anything about a collier being built at Shanghai by a Chinese shipbuilding concern for the United States Government?

Admiral BENSON. No, sir; I do not.

Mr. EDMONDS. I am not quite sure, but I understood it was for the War Department. I suppose you would not know the contract price of that.

Admiral BENSON. I did not know such a thing was being done.

Mr. EDMONDS. It was being finished while I was in Shanghai. It might be for use in the Philippines; I do not know.

Mr. LOUD. Would the style of the unloading machines now in use on the fleet colliers be suitable for handling grain?

Admiral BENSON. I do not think it would, sir.

Mr. LOUD. You could not discharge grain with that machinery, could you?

Admiral BENSON. No, sir.

Mr. EDMONDS. But you could discharge the ordinary cargo with it, could you not?

Admiral BENSON. Oh, yes; for instance, we now use the clam-shell digger very largely to go down in the hold and pick the coal up, and then as it comes out of the hold there is a beam that extends over the deck of the ship, and this clam-shell digger goes right down and digs out about a ton of coal, hoists it out of the hold, and as it comes out is suspended over the deck of the ship and is opened up just as the ordinary mud digger. That is the principle we use now in the ordinary fleet collier, and we have a number of them going in six or eight hatches.

Mr. PRICE. That could not be used for grain?

Mr. LOUD. You could not take up wheat with it, for instance.

Admiral BENSON. You might get a different type of scoop that would probably do it. I have never given that any thought.

Mr. PRICE. But it would not be a very large matter to re-equip those colliers?

Admiral BENSON. It would be very simple to rig up anything you please. With the appliances there, you could rig up anything you wanted to.

Mr. GREENE. I would like to ask one other question. How about these colliers that are now used in Boston in the coastwise transportation fleet? Are you acquainted with their use?

Admiral BENSON. Yes. You mean—

Mr. GREENE. The vessels belonging to the Coastwise Transportation Co., of Boston?

Admiral BENSON. No, sir; I am not.

Mr. GREENE. Would these coal steamers that carry several thousand tons be useful for your purposes?

Admiral BENSON. Yes, sir.

Mr. GREENE. That is what those coastwise transportation steamers do carry. There have been a large number of those recently built.

Admiral BENSON. Yes, sir.

Mr. GREENE. I did not ask this in criticism; I just wanted to get the information.

Admiral BENSON. No; but there have been one or two questions asked where I could not give the information.

(Thereupon, at 12.10 o'clock p. m., the committee adjourned until to-morrow, Thursday, February 17, 1916, at 10 o'clock a. m.)

CREATING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Thursday, February 17, 1916.

The committee met at 10.30 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. Gentlemen, we have with us this morning Mr. McAdoo, Secretary of the Treasury, whom I have invited to appear and be heard on this bill, H. R. 10500, known as the shipping bill. You may proceed, Mr. Secretary.

STATEMENT OF HON. WILLIAM G. McADOO, SECRETARY OF THE TREASURY OF THE UNITED STATES.

Secretary McAdoo. Mr. Chairman and gentlemen of the committee, with your permission I should like to give a little of the antecedent history of this measure, arising out of the events immediately preceding and succeeding the outbreak of the European war.

On the 26th of March, 1914, Senator Weeks introduced in the Senate resolution No. 317, as follows:

Whereas it is desirable to develop and extend commercial relations between the United States and the countries of South America by the establishment of direct lines of communication for carrying the United States mail and for the transportation of passengers and freight; and

Whereas private capital has not engaged in this service to a sufficient extent to furnish facilities comparable to those enjoyed by the people of other countries having trade relations with South America: Therefore be it

Resolved, That the Secretary of the Navy be, and he is hereby, directed to cause to be prepared, in detail, a plan for the establishment of a line of ships to run between the cities of New York and New Orleans and the city of Valparaiso, Chile, and intermediate ports, to consist of the cruisers Columbia and Minneapolis and the scout cruisers Salem, Chester, and Birmingham, and that the information requested in this resolution shall include the following:

First. The time required by these ships to make a round trip between the ports named.

Second. The number of passengers which could be carried in each ship as now equipped or with any changes that would not impair their usefulness if required in the naval service.

Third. The amount of freight that each ship could carry under similar conditions; this estimate to include mail as well as freight.

Fourth. The number of naval officers and seamen required to man the ships engaged in the service which is proposed.

Fifth. The probable cost of the service, including the pay of the officers and men employed in connection with it and all other necessary elements, such as wharfage in the cities where the ships would touch, fuel, repairs, and maintenance of every description.

Sixth. The cost of such necessary changes as may be required to put the ships named in condition for such service, in removing unnecessary military equipment, and any other changes necessary in order to carry passengers and freight safely and to adequately perform the service proposed in this resolution.

Seventh. An expression of opinion by the department as to whether the above-named ships can be used for such purposes without impairing their usefulness for naval purposes should their prompt return to the naval service be required.

At this time all the nations of the world were at peace, and private capital had had opportunity for many years to develop lines of steamships between the United States and South America, but, as Senator Weeks so clearly expressed in the preamble of his resolution, "it is desirable to develop and extend commercial relations between the United States and the countries of South America by the establishment of direct lines of communication for carrying the United States mail and for the transportation of passengers and freight," and as "private capital has not engaged in this service to a sufficient extent to furnish facilities comparable to those enjoyed by the people of other countries having trade relations with South America," therefore it was resolved by the Senate that "the Secretary of the Navy be, and he is hereby, directed to cause to be prepared in detail a plan for the establishment of a line of ships to run between the cities of New York and New Orleans and the city of Valparaiso, Chile, and intermediate ports, to consist of the cruisers *Columbia* and *Minneapolis* and the scout cruisers *Salem*, *Chester*, and *Birmingham*," etc.

That resolution was referred to the Senate Committee on Naval Affairs, and on the 11th of April following the Secretary of the Navy addressed a letter to Senator Tillman, chairman of the committee, reciting the available naval vessels for this service and pointing out that the accommodations provided by them would be very restricted. He stated that the vessels in question could carry about 15 to 20 passengers and about 150 tons of express freight each; that is, the cruisers to which Senator Weeks referred in his resolution; and he also declared that the service would be a very expensive one. In addition to that the Secretary gave a list of other naval vessels that might be available for service, certain naval auxiliaries, which are enumerated in this report.

Accompanying his report was a bill which, if adopted by the Congress, would carry out the object of the resolution. In this bill it is provided that the vessels so employed shall carry United States mail, passengers, and freight, under such regulations and at such rates as the Secretary of the Navy shall prescribe. The vessels were to be operated, of course, by the Navy Department as war vessels of the United States, impressed, however, with the character of merchantmen to the extent to which they were employed in the merchant marine service.

On the 3d of August, 1914, which was three days after the outbreak of the European war, the Senate Committee on Naval Affairs unanimously reported the bill of Senator Weeks, Senate No. 5259, and that report is signed by Senators Tillman, Page, Swanson, Perkins, Bryan, Clapp, Thornton, Poindexter, and Johnson. With the permission of the committee I should like to attach that as an exhibit to my statement. (Exhibit No. 1. All of the Secretary's exhibits will be found at the close of his statement.)

The CHAIRMAN. If there is no objection, that may be done.

Secretary McADOO. It will avoid the necessity of having to quote rather liberally from it. The bill was introduced. It was debated

in the Senate and was passed, I think I may say, unanimously. There was no division, at least; everybody voted for it. In the debate in the Senate the bill was amended upon the suggestion of Senator Williams so as to extend the scope of the service originally contemplated by Senator Weeks. The bill as introduced in the Senate provided that the Secretary of the Navy—

is hereby authorized to establish one or more United States Navy mail lines, by employing such vessels of the Navy as in his discretion are available, without impairment of the paramount duties of the Navy, and as are necessary and appropriate, for the purpose of establishing and maintaining regular communication between the east and west coast, or both coasts, of the United States, and either or both coasts of South America.

Upon the motion of Senator Williams, of Mississippi (I think I am correct in this statement; the record will show, however), the following was added:

And between the United States and the countries of Europe.

So that the scope of this bill was very much broadened as it passed the Senate. The bill provides that the vessels so employed shall carry the United States mail, passengers, and freight under such regulations and at such rate or rates as the Secretary of the Navy may prescribe.

The CHAIRMAN. What is the number of that bill?

Secretary McADOO. Senate No. 5259.

The CHAIRMAN. Known as the Weeks bill?

Secretary McADOO. Known as the Weeks bill. I should also like to attach it as a part of my statement. (Exhibit No. 2.)

As I said before, this bill was passed three days after the outbreak of the European war, and it contemplated, as you will observe, putting the Navy of the United States into foreign commerce. Under its provisions the ships of our Navy, operated by naval officers, would carry freight and passengers.

The CHAIRMAN. And mail?

Secretary McADOO. And mail. The rates were to be fixed by the Secretary of the Navy. The operation was to be by the Secretary of the Navy. It was to be distinctly a Government operation of Navy craft as merchant vessels, and the bill was passed, as I say, with unanimity by the Senate of the United States.

I should say, in this connection, that this question of Government operation, which has been so much debated since this bill was passed and since other measures were introduced, was brought forward in a very striking form through the passage of this measure; and while the service to be supplied was wholly inadequate and could not go very far, as everyone realized, it presented this rather extraordinary situation—

The CHAIRMAN. Right at that point, Mr. Secretary, I will say the Senate bill was referred to the Committee on Naval Affairs of the House and a subcommittee of the Committee on Naval Affairs investigated the question very thoroughly and came to the conclusion that the cost of operating these ships would be so great that they would be of no commercial value for the uses to which they were to be put.

Secretary McADOO. The Secretary of the Navy practically says that in his report on Senator Weeks's original resolution. I was going to say that whenever you impress a war vessel with a merchant character she is then subject to the right of visitation and search, and if

this bill had been passed by the House and we had put our war vessels into service as merchantmen they would have been subject to visitation and search by the war vessels of any of the belligerent nations. And I think it is perfectly clear that the dangers of conflict arising out of the search of the war vessels of the United States by any vessel of a belligerent power would have been very great. I think every one will admit now, in the light of past events, that the passage of such a bill would not only have been a grave mistake, but would have subjected us to risks and dangers of conflicts and controversies which would not arise out of the Government being a mere stockholder in a corporation engaged in the operation of merchant vessels distinctively.

Mr. GREENE. I would like to ask you a question just there. When Senator Weeks offered this bill there was apparently no sign of war?

Secretary McADOO. No.

Mr. GREENE. Neither here nor abroad, nor in anybody's information at that time, either in this country or on the other side?

Secretary McADOO. I think that is a correct statement, Mr. Greene, so far as this country is concerned. I can not say as to Europe.

Mr. GREENE. So that it was simply introduced with the idea of getting a mail service where we did not have it and not with any intention of involving any branch of the Government in a permanent work. It was drawn up as a sort of measure in an attempt to have a better mail service with South America.

Secretary McADOO. The bill, however, was adopted in the Senate after the outbreak of the European war.

Mr. GREENE. Oh, yes.

Secretary McADOO. And was passed in contemplation of the conditions as they then existed.

Mr. GREENE. Yes; undoubtedly.

Secretary McADOO. And also included that amendment which deliberately and intentionally put these Navy vessels into service for the carriage of freight and passengers and mail to Europe.

Mr. GREENE. Oh, yes.

Secretary McADOO. Which were war vessels to be operated by the Secretary of the Navy, who had the power to fix the rates for freight and passengers and mail.

Mr. GREENE. As you say, it was very unwise legislation; I agree with you fully.

Secretary McADOO. I only wanted to bring out a little more fully the history of this whole attempt to provide improved means of communication for the protection of American commerce and American citizens.

Mr. GREENE. Since I have been here I have seen a great many attempts which have proved abortive.

Mr. EDMONDS. In this bill which we have before us at the present time, it provides that the Government shall purchase, construct, or charter ships, and then recharter those ships through the operation of a board; not operated by a Government-owned steamship line, but as a separate proposition, this board which is proposed to be established goes into the ship-brokerage business. It is to purchase, construct, and charter ships and to sell those ships or to recharter them. Now, what would be the position of one of those rechartered ships?

Secretary McADOO. In what respect?

Mr. EDMONDS. It would be owned entirely by the Government, of course, and it would be rechartered by this board to another party.

The CHAIRMAN. I would suggest that the Secretary be permitted to conclude his statement, and then we can go into these matters.

Mr. EDMONDS. All right; I will bring that up later, then.

Secretary McADOO. I will be very happy to answer that. I think it will be a little more satisfactory, however, if I do carry out the statement that I wanted to make simply as a foundation for discussion.

The outbreak of the European war precipitated many very grave problems. It is not necessary for me to elaborate on them. The immediate effect was a complete demoralization of foreign exchange and an immediate, acute, impending, tremendous financial and business catastrophe and panic in this country which was averted by very prompt and active measures. I shall not undertake to describe them here. But, growing out of the acute situation then developed, the Secretary of the Treasury, on the 7th of August, 1914, issued a statement—I hope you will pardon me for introducing this, but it has such direct bearing upon the situation that I feel obliged to do so—which is incorporated in his annual report for 1914, as follows:

It is of vital importance to the country that two things be done as quickly as possible:

First. Provide sufficient ships to move our grain and cotton crops to European markets; and

Second. Restore through the bankers the market for foreign bills of exchange.

For the purpose of concerting measures to this end, I have to-day called a conference of representatives of leading shipping interests and foreign-exchange bankers to meet at the Treasury Department in Washington on August 14, at 11 o'clock a. m.

Grain is a very pressing problem at the moment, because the crops have been largely harvested, and the movement is already well under way. The cotton movement is not so advanced and will not be for a few weeks. It is my purpose to invite a conference on the subject of cotton to be held at an early date, of which announcement will be made later. These are important questions for the American people, and every possible effort will be made by the administration to cooperate in the movement of these great crops.

The names of those who will attend the conference on the 14th instant will be announced in a few days.

At that time this country had a very huge debit balance against it in Europe, which was estimated, subsequently, by the Federal Reserve Board, to be something like \$500,000,000, due on or before the 1st day of January, 1915. It was absolutely essential to the protection of our business and financial situation that the free movement of our commodities, especially cotton and grain to Europe, should be continued, in order that we might create credits which would enable us to counterbalance that huge foreign debit. And because shipping had been practically suspended from our various ports there was an immense congestion of foreign-bound freight at Galveston, a big cotton and grain shipping port, as well as at New Orleans: embargoes were declared by the railroads on freight bound for these ports: and an embargo on Baltimore was impending because there were no ships to move commodities. It was necessary that a very active and strenuous effort be made to restore shipping facilities on the ocean, and also to revive the foreign exchange market as quickly as possible to as near normal conditions as could be done in the circumstances. A conference was therefore called by the Secretary of the Treasury to meet on the 14th day of August,

1914, at the Treasury Department, just two weeks after the outbreak of the European War, for the express purpose of considering the problems I have just outlined. At that conference there were present many of the leading men of the country, representing financial, business, and shipping interests. I will mention a few of them. The New York Clearing House Association was represented by Mr. J. S. Alexander, president of the National Bank of Commerce, and William Woodward, president of the Hanover National Bank, two of the largest banks in New York.

The Chicago Clearing House Association was represented by Mr. John J. Arnold, Mr. H. G. P. Deans, and Mr. Joseph McCurrach.

The St. Louis Clearing House Association was represented by Mr. David R. Francis, Breckinridge Jones, and Festus J. Wade.

The Kansas City Clearing House Association was represented by Mr. F. G. Crowell.

I will not mention all of these names, but will just pick out a few of them:

The National Foreign Trade Council's representatives were Robert Dollar, of San Francisco; James A. Farrell, of New York; P. A. S. Franklin, of New York; James J. Hill, of St. Paul; Edwin N. Hurley, of Chicago; Barton Magers, of Norfolk; Welding Ring and John D. Ryan, of New York; W. D. Simmons, of Philadelphia; and E. P. Thomas, of New York.

The Chamber of Commerce of the United States had present Frederick Bode, of Chicago; James G. Cutler, of Rochester; John Joy Edson, of Washington, D. C.; John H. Fahey, of Boston; H. L. Ferguson, of Newport News; A. H. Mulliken, of Chicago; and R. G. Rhett, of Charleston, S. C.

The New York Chamber of Commerce had present Hendon Chubb, H. R. Eldridge, J. Parker Kirlin, Seth Low, E. H. Outerbridge, and W. B. Pollock.

The New York Produce Exchange representative was Charles A. Robinson.

The Chicago Board of Trade was represented by Julius Barnes, John Bassett Moore, and H. E. Rycroft.

The West and Northwest milling interests were represented by James G. Andrews, of Minneapolis; W. L. Harvey, of New Prague, Minn.; L. E. Moses, of Kansas City, Mo.; and F. R. Eaton, of the Washburn-Crosby Co., of Minneapolis.

The Baltimore banking, grain, and shipping interests were represented by Bernard N. Baker, William Ingle, Blanchard Randall, and J. C. Whitney.

The New York foreign exchange, banking, and steamship interests were represented by William L. Benedict, of Kidder, Peabody, & Co.; James Brown, of Brown Bros. & Co.; F. Q. Brown, of Redmond & Co.; H. R. Ickelheimer, of Heidelberg, Ickelheimer & Co.; J. P. Morgan, of J. P. Morgan & Co.; James Speyer, of Speyer & Co.; Benjamin Strong, jr., of the Bankers' Trust Co.; August Ulrich, of Ladenburg, Thalmann & Co.; A. J. Hemphill; Pliny Fisk; John A. Donald; and Wilbur C. Fisk.

The Boston banking interests were represented by Josiah Quincy.

The Southern Cotton Congress was represented by C. W. Priddy, of Norfolk, and J. C. Mayfield, of Barnwell, S. C.

A very interesting discussion ensued and one of the concrete things as the outcome of that conference was the passage of the war-risk insurance bill, which established in the Treasury Department a Bureau of War Risk Insurance, for the purpose of facilitating the foreign trade of the United States and giving war-risk insurance to the commerce and ships of this country. As you will recall, an appropriation of \$5,000,000 was made for the purpose of enabling the Government to insure war risks, or to go into the war-risk insurance business.

Mr. GREENE. Are you still operating?

Secretary McADOO. Yes; we are still operating.

Mr. GREENE. To what extent?

Secretary McADOO. The bureau has insured—I am sorry I have not the statement here before me, but with your permission I will put in the record a statement of the war-risk insurance of the bureau of most recent date. (Exhibit No. 3.)

Mr. GREENE. I have no objection to that.

Mr. GOODWIN. By reason of the operation of this bureau war-risk insurance has increased just a little over normal rates, as I understand it, Mr. Secretary?

Secretary McADOO. Of course I would not know how to answer that question, because in normal times there is not any war-risk insurance.

Mr. GOODWIN. I did not mean war-risk insurance, but I mean insurance on goods in transit.

Secretary McADOO. Do you mean marine insurance?

Mr. GOODWIN. Marine insurance; yes.

Secretary McADOO. We are not permitted to engage in marine insurance. The bureau is restricted absolutely to war-risk insurance.

Mr. GOODWIN. I meant to say that the war-risk insurance has increased but little over marine insurance in normal times.

Secretary McADOO. The rate varies so much according to the risk taken that it would be hard to make a comparison. I may say this, however, that the effect of the War-Risk Insurance Bureau operated by the Government has been to exercise a very potential influence upon war-risk insurance rates throughout the world. I think it has undoubtedly brought down the level of war-risk insurance all around.

Mr. GOODWIN. My purpose in asking that question was to get this statement, if it is a fact, that the war rates for insurance have not increased over marine insurance rates in normal times in comparison with the increased ocean freight rates now in existence and the ocean freight rates in normal times.

Secretary McADOO. That is a correct statement. The rates of insurance made by the Government have been, I think, very reasonable and very moderate, considering the risk assumed.

Here is the last report of the War-Risk Insurance Bureau, submitted to Congress on the 7th of December, 1915, and I can give you a very brief summary of its operations, which will tell the whole story. (Exhibit No. 3.)

The total amount of risks insured up to date in this report are \$93,190,000. I will only give round figures.

The total expenses of the bureau up to that date were \$22,000.

The total premiums received were \$2,194,454, and the net losses paid up to that date were \$695,984.

Leaving a surplus of premiums on hand at that date of \$1,498,000 in round numbers.

So that the bureau has not only rendered, I think, very effective service to American commerce, but it also has been operated without any loss and, as a matter of fact, at a net profit up to date.

It was generally recognized at this conference of August 14, 1914, that some measures would have to be taken to increase the supply of merchant vessels for the United States; that something would have to be done to improve the situation to meet the emergency which confronted the country as the result of the outbreak of the European war. In fact, Mr. Hill proposed at that time that the *Minneapolis* be brought into the Atlantic, as the crisis in the Atlantic was far more acute than on the Pacific and the needs were so much greater in the Atlantic. The *Minneapolis* is one of the big ships owned by the Chicago & Northwestern Railroad Company. Mr. Hill thought very seriously of bringing it into the Atlantic, but for some reason or other that was not done at that time. No definite shipping plans were formulated by that conference; in fact, none could be formulated at the moment. We were all alive to the problem, and every man was thinking and trying to devise something that would enable the country to meet the situation which was already acute, and which I think, no man who looked forward at all could fail to realize might become infinitely more acute and exceedingly distressing to American commerce if prompt measures were not taken to protect the interests of this country.

And I may say that at this time Mr. Franklin, who is vice president or general manager of the International Mercantile Marine Co. and who was in the conference, spoke to me about the German ships which were interned in New York. The only time I ever heard the sale of the German ships suggested or proposed was in this conversation with Mr. Franklin, when he said to me that it would be a very great help to American commerce if those ships could be bought and put into service. He said that his company would like to purchase those ships, but that it would be difficult, if not impossible, to secure private capital for that purpose, and he wanted to know how I would regard a proposition to have the Government of the United States indorse or guarantee the bonds of his company so that they might make that purchase. I said very frankly to Mr. Franklin that I should not myself approve of the use of the credit of the United States for the guarantee or indorsement of the bonds of any private corporation; that I thought it would be a mistaken policy; and that I could not, therefore, approve the plan he outlined. He subsequently talked, I think, to some Members of the House and Senate about that proposition, but I think met with no encouragement. I mention this incident about the German ships, because in the debate which subsequently developed a great deal of discussion was had on that particular subject, and it seemed to be inferred if it was not actually charged that it was the purpose of the Government, if the ship bill subsequently introduced by your chairman had passed, to buy the German ships.

Mr. BRUCKNER. Who did he represent?

Secretary McADOO. Mr. Franklin was the vice president of the International Mercantile Marine Co., of New York, and I, of course, understood that he was speaking for his company. I did not go into

the details. He simply made the suggestion as a means of getting these ships back into service; and, as I said before, I felt it would be an unwise thing for the Government to enter upon the policy of indorsing the bonds of any private corporation.

Subsequently a bill was introduced—

The CHAIRMAN. Right in that connection, if you will pardon me, the bill known as the ship registry act of August 18, 1914, was also favored by those same gentlemen who were in that conference, removing the five-year limit on foreign-built ships and admitting them to American registry in the foreign trade.

Secretary McADOO. Yes; I am glad you called my attention to that, Mr. Chairman, because I was about to overlook it. Another measure growing out of that ship conference was this ship-registry bill. That, as you know, was passed very promptly. Under that bill vessels of foreign registry were admitted to American registry free of restrictions which had previously been imposed by the Panama Canal act. My recollection is that the Panama Canal act provided that ships not over 5 years old could be admitted. This act removed those limitations.

Mr. BRUCKNER. Do you know how many vessels took advantage of that act?

Secretary McADOO. The Secretary of Commerce, I think, has put that in the record already or Mr. Chamberlain's testimony covers that point. I am not so familiar with it, because it does not come under my department.

I would like, at this juncture, to put into the record as an exhibit to my statement, if there is no objection, the debate on Mr. Weeks's bill, which will be found on pages 5863, 5864, and 5865 of the Congressional Record of March 26, 1914. (Exhibit No. 4.) That is the debate on the resolution that Senator Weeks offered. I would also like to insert the debate in the Senate of August 3, 1914, on pages 14311 to 14318, inclusive. (Exhibit No. 5.)

You will find, upon examining those debates, some very interesting and illuminating facts in connection with the situation.

You will find no fear expressed by Mr. Weeks, Mr. Gallinger, Mr. Swanson, Mr. Jones, Mr. Newlands, Mr. Williams, and the other Senators who took part in these debates, that the United States would become involved in war with any of the European powers if the Government operated directly through the Secretary of the Navy, these naval vessels in the merchant trade. There was infinitely more danger of international complications if the Government operated its naval vessels in commerce between the United States and the ports of belligerent countries in Europe, than if the Government became a stockholder merely in a private corporation which operated distinctively merchant vessels having no sort of naval character, between the United States and ports of belligerent nations in Europe, as well as elsewhere.

Because of the very inadequacy of the relief proposed by Senator Weeks, through the operation of a few naval vessels in commerce, on account of their limited capacity for passengers and freight (although Senator Weeks' purpose was in the highest degree commendable), and because of the crisis confronting the country, it was perfectly clear that the essential thing to do was to buy quickly a large number of merchant vessels which were suitable for carrying

passengers, mail, and such large cargoes of general freight that their operation would prove profitable, and at the same time afford the commerce of the United States the protection and transportation so vital to the prosperity of the country. It was for these reasons, therefore, that on the 4th of September, 1914, Mr. Alexander, the chairman of this committee, introduced in the House bill No. 18666, authorizing the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or of a State thereof, or of the District of Columbia, to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other purposes. That bill was the outgrowth of the study which had resulted from the conference in the Treasury Department on August 14, 1914. It was not the result of suggestions made in that conference, but it was the result of the mature consideration and discussion from the standpoint of the administration as to what ought immediately to be done for the purpose of meeting the emergency that then existed.

At that time, as you all know, there were German cruisers on the high seas, as well as British cruisers and French cruisers, and the merchant-marine service of the world was very much disorganized and in a state of panic. A great many merchant ships and vessels were offered for sale. I did not undertake to investigate that field particularly, but many vessels of English registry, French registry, and of neutral registry were offered from time to time to the department. More of them were, perhaps, offered to the Department of Commerce than to the Treasury Department, because the Treasury Department has no longer jurisdiction of the Bureau of Navigation, which has been transferred to the Department of Commerce. However, it would have been possible at that time, I think, to have bought at extremely low prices—from \$40 to \$60 per gross ton—many hundred thousand tons of excellent merchant vessels. And the purpose of this bill was to enable the Government of the United States to acquire a large fleet of merchant vessels for the purpose of protecting the commerce of the United States against emergencies and against the conditions which have subsequently arisen, and which have now become so acute that there has been, in fact, an embargo by the great railroads entering New York since the 14th of December last upon rail shipments into that port. That embargo has been made necessary in large part by the lack of ships to get the foreign commerce of the United States out of the harbor of New York.

Some time ago I wrote to the presidents of the various trunk-line railroads terminating at the port of New York City, asking them to tell me about the embargo on shipments into that port for the export trade and the reasons for the embargoes and the congestion of freight in their terminals and along their lines. I received replies from the presidents of the following companies: Baltimore & Ohio Railroad Co.; Lehigh Valley Railroad Co.; Delaware, Lackawanna & Western Railroad Co.; New York Central lines; New York, New Haven & Hartford Railroad Co.; Central Railroad of New Jersey; Pennsylvania Railroad Co.; and Erie Railroad Co. As these replies are quite lengthy, I have had digests made of them, and attach them

as Exhibit No. 6. The original letters are in my possession and are at the service of the committee at any time that it may desire them.

In this connection attention is also called to Exhibit No. 7, consisting of extracts from newspapers regarding freight congestion, due primarily to the lack of ships to handle our export trade.

Mr. GOODWIN. You mean to say that no tonnage goes out of the port of New York?

Secretary McADOO. There has been an embargo on rail shipments into the port of New York since, I think, the 14th of last December.

The CHAIRMAN. I put that information in the record on yesterday.

Mr. GREENE. Shipments for the foreign trade?

Secretary McADOO. Very largely on account of the inability to get vessels to move the foreign commerce of the United States, which, of course, is carried into the port and can not be taken out as fast as it goes in.

Mr. GOODWIN. Does that embargo exist at any other port as well as at New York?

Secretary McADOO. I understand that it does, although I am told that it has been less acute in other ports, because shippers have been influenced by the representatives of the railroad companies not to make shipments into those ports until they are assured that vessels would be available to take them out promptly. Of course any congestion in the terminals of the great railway systems at New York, or in the great harbors of the country, and any extended congestion of cars on the sidings along the lines of those railroads, whether or not due to the fact that foreign freight in those cars can not be unloaded, affects very seriously the domestic commerce of the country, which, of course, can not be kept moving if machinery of transportation is clogged and disorganized by congestion on any part of the lines at vital points, which are, of course, more particularly the great terminals of the trunk lines at New York.

I may say that Mr. Alexander's bill of September 4, 1914, was the result in part of some suggestions which I had the privilege—with his permission—of submitting; and those suggestions, so far as I am concerned, originated very largely as the result of the conference to which I have referred and the experience the Government has had with the Panama steamship line. As you know, the Government of the United States owns all of the stock of the Panama Railroad Co. which operates a line of steamships between New York and Panama; and the Government of the United States does not, as you know, operate that line of steamships or that railroad directly. But as the chief stockholder, in fact the sole stockholder, in the company, it directs the selection of the directors of this corporation. And while the selection of the directors is under the direct supervision of the War Department, nevertheless the directors of the corporation itself are the responsible managers of the corporation, the War Department having supervision of the operation of the lines, working through the directors of the company.

At that time it was seriously considered whether or not it would be possible merely to extend the Panama steamship service to South America and those other ports where the need for shipping facilities was most imperative. But the Panama Railroad Co. would have had to be assisted by the Government in order to get the necessary funds with which to buy ships and this would have required action

by Congress, and, in addition to that, its charter, a special one from the State of New York, granted many years ago, confers certain powers which it can not exceed. My recollection is that the charter of that company would not give it the power to operate vessels along the east coast of South America, and I think it is doubtful whether the corporation has the right to operate vessels even along the west coast of South America, although it might have that power; but certainly it has not the power to operate vessels to Europe.

Now, this crisis arose in August, 1914, and if the Panama Railroad agency was to have been employed at all, it would have been necessary to get the State of New York to grant an amendment to its charter. That amendment could not have been obtained until the following January, if it could have been obtained at all, when the New York Legislature was to meet. In the meantime delay was very serious, and the idea of utilizing the Panama Railroad ship corporation for this purpose had to be abandoned. The purpose of Mr. Alexander's bill was simply to create another corporation, to be operated along somewhat similar lines, except it was provided that a shipping board composed of the Secretary of the Treasury, the Secretary of Commerce, and the Postmaster General should be created for the purpose, almost exclusively, of selecting directors of the corporation and having a sort of general oversight over its operations somewhat similar to that exercised by the War Department over the Panama Railroad & Steamship Co. It is not necessary for me to go into the history of this measure, because you are all familiar with it. You are familiar with the debates that subsequently arose and the objections that were raised against it on the ground that it was putting the Government into the shipping business. But I may say that the bill was limited practically to the creation of a corporation in which the Government was to be a majority or sole stockholder, if necessary, and that corporation was to operate the ships which were to be bought or constructed by the shipping board and turned over to it.

The measure is very different from the one which is now under consideration. It was formulated at that time purely and solely as an emergency measure. It was designed to meet the situation as it then existed by enabling the Government of the United States through the medium of the proposed corporation to secure six or seven hundred thousand tons of vessels which were to be owned and operated by this corporation and used for the protection of the commerce of the United States. I do not exaggerate when I say that if that bill had passed we would now be in possession of a very large fleet of excellent merchant vessels which could be used effectively to relieve the congestion in the harbor of New York of freight for foreign shipment, and that we could have supplied some facilities to other ports of the country which have been suffering enormously for lack of shipping facilities. Take, for instance, the port of Seattle. Seattle, I suppose, has been one of the chief sufferers since the outbreak of the European war. Not only have they had no ships in which to send grain to Europe (and Seattle is a very large grain port, as you know), but the lumber industry in Washington, which is vital to the prosperity of that State, has suffered very greatly from a lack of ocean transportation. When I was in Seattle

in October last I was told they were shipping grain from Washington to Liverpool at a rate of 12 cents a bushel. The rate between Seattle and New York over the railroads was of course just the same as it was before the outbreak of the European war, because those rates are subject to regulation. They are fixed by the railroads with the approval of the Interstate Commerce Commission. The increase in the rate is, of course, from New York to Liverpool over the steamship lines, which are not regulated by any Government agency. The rate of freights from Seattle to Liverpool by water is, in normal times, 18 cents a bushel. So you can see the difference in the rates by rail and water now as against the water rate before the war between Seattle and Liverpool—12 cents per bushel now against 18 cents per bushel then.

Mr. CURRY. Has the Panama Canal Co. increased its rates?

Secretary McADOO. No, sir; I think not.

Mr. CURRY. Do you not know that the Panama Canal Railroad did increase the rates when the slides occurred there and they remained until the Chamber of Commerce of San Francisco and others made an awful holler about it?

Secretary McADOO. I think you will find, if you will ask the War Department about it, that that is a mistake. The Panama Railroad, as I understand (and I state this subject to correction, because I am not altogether familiar with it), pro rated with the steamship lines which went through the canal the through rate, which is lower than the local rate for transportation across the Isthmus. When the slides occurred the railroad charged simply the usual local rate, since the ships blocked by the slides had no traffic arrangements for the through rate; and of course the local rate is higher than the pro rata of the through rate. That, however, the War Department could very easily make clear.

Mr. CURRY. They did decrease the rate. After it was taken up with the War Department here the Government sent orders to their subordinates to reduce the rate, and it was reduced to a reasonable amount.

Secretary McADOO. That is more than we can get, Mr. Curry, from these steamship companies and concerns not under Government control.

Mr. CURRY. Absolutely true, but Government control and Government ownership are entirely different propositions.

Mr. GREENE. You suggested that six or seven hundred thousand tons of steamships could have been purchased if that bill had passed. Where would those ships have been purchased? Who had them for sale?

Secretary McADOO. I say I think they could have been purchased. I say that from the fact that there were very copious offerings of steamships at that time. In the report which the Secretary of Commerce and the Secretary of the Treasury made on the 25th of January, 1915, to the Senate of the United States in response to a resolution, and which, as you will observe, was a long time after the 4th of September, when Judge Alexander introduced his bill, we gave a list of some of the steamships offered—some English, French, and neutral ships. Of course I did not investigate these offerings because I had no authority to enter into negotiations. The bill was

pending, and we could not do anything. But you will find that as Exhibits 75, A, B, and C, and 76 to the report, Document 673, part 2, Sixty-third Congress, third session. I should like to have the privilege of offering this document as an exhibit to my statement. (Exhibit No. 8.)

Mr. GREENE. What page did you say that was?

Secretary McADOO. I will find it in just a moment.

Mr. GREENE. I am not particular about that now, but if you will put the pamphlet in that will be sufficient.

The CHAIRMAN. They were not German interned vessels?

Secretary McADOO. No.

Mr. GREENE. If the Secretary will put that into the record, it will be sufficient for my purposes.

Secretary McADOO. I think a reference to the particular exhibit might save time for anyone who wanted to look the matter up, and with your permission I will supply the exhibit when I get a transcript of the stenographer's notes. I have it here, but it is difficult to put my hands on at the moment.

Mr. KINCHELOE. Will you put that in the hearing?

Secretary McADOO. Yes; I offer it as Exhibit No. 8. I believe it would not have been difficult to have purchased six or seven hundred thousand tons of vessels at that time at bargain rates. There were a great many steamship brokers who called at the Treasury after this bill was introduced and talked to me about it. I said, "Of course, I have no power to negotiate, and it would be a waste of time until power is conferred by the Government to act." Ships were offered, as I recall it, all the way from \$40 to \$60 a ton. Many of them, as I said before, were English vessels, some were French vessels, and a great many were neutral vessels—Scandinavian vessels.

Mr. GREENE. Are those vessels or similar vessels or any number of vessels now in the market, to your knowledge?

Secretary McADOO. I think not. I think very few could be had at this time.

Mr. GREENE. So that even if this bill should pass there would be no opportunity to buy vessels?

Secretary McADOO. I doubt if we could buy very many, although vessels can be bought; there are a few being sold.

Mr. EDMONDS. Was there anything in this published statement by Mr. B. N. Baker, on November 21, that it was intended to buy the ships of the International Mercantile Marine?

Secretary McADOO. There was no intention. Mr. Baker spoke to me about it; he said it would be possible to buy those ships.

Mr. EDMONDS. He makes a positive statement in this signed article.

Secretary McADOO. I think Mr. Baker is mistaken about it; but he is here and can speak for himself. Mr. Baker spoke to me in the early days of the discussion, saying that the International Mercantile Marine was in the hands of a receiver and that it was possible to buy that fleet of vessels. Of course, it did not go any further than a mere suggestion on his part.

Mr. GREENE. That would not have increased the number of vessels, would it?

Secretary McADOO. It would have increased the number of vessels under the control of the United States. Of course, the great point,

gentlemen, was this: That while the purchase of six or seven hundred thousand tons of vessels at that time would not have added to the world's tonnage, it would have added to the tonnage of the United States, and it would have put us in control of the facilities and instrumentalities for protecting ourselves, which we do not now have. I do not think that it makes so much difference whether you increase the world's tonnage or not, so long as you take care of our own interests.

Mr. LOUD. It would not have relieved the situation, then, would it?
Secretary McAdoo. Why not?

Mr. LOUD. The same ships are in the service now, and the same ships would be in the service then.

Secretary McAdoo. Yes; but we would have them in our service, and they would not be in the other fellow's service; they would be under our control, and we could provide service at reasonable rates and prevent extortionate rates—

The CHAIRMAN. But is it not true that many of those ships which belonged to the International Mercantile Marine were under British registry, and have since been commandeered by that Government and taken out of the commerce of the world; is not that correct?

Secretary McAdoo. That is correct. You see this must be considered, that the International Mercantile Marine Co. is the controlling stockholder in the White Star Line and other foreign steamship lines, and if the International Mercantile Marine Co. had been controlled by some agency which was looking out for the interests of the shippers of this country, as the Government would have been, for instance, if it had gotten control of that company, all of the British and other vessels which the International Mercantile Marine Co. controlled through British or foreign corporations could have been transferred to the American flag and would have been available for our service instead of the service of foreign governments. They would be carrying American commerce instead of troops. So that it would have improved our situation distinctly and immeasurably.

Mr. GREENE. If those vessels could not have been commandeered, other vessels would have been commandeered by the British Government, would they not?

Secretary McAdoo. They could not have commandeered this Government's vessels, of course.

Mr. GREENE. But they would have taken some vessels; if they lost the opportunity to have those, they would have taken others?

Secretary McAdoo. If they could have gotten them, I presume they would. But the situation is like this: Suppose I am operating a competing line of railroad from here to Chicago but have insufficient locomotives. If I can buy locomotives from some other country and put them on my line of railroad which will enable me to take care of my traffic, I might not be adding anything to the number of locomotives in the world, but I certainly would be adding to the number of locomotives available for our commerce and for the protection of our own interests. And that was the purpose of this bill.

Mr. CURRY. Can you buy foreign ships now? Has not Great Britain, Germany, and most all of the great maritime nations forbidden the transfer of their ships to a foreign flag?

Secretary McADOO. I saw that stated in the papers; I presume it is true. If it is, those Governments are simply exhibiting "human intelligence." I must confess, alas, that I think it would be extremely difficult to buy ships now, and if you do buy them you have got to pay high prices for them. And that is where we made a fatal mistake in not getting in when we could have bought a great number of merchant vessels, and when we could have gotten them cheap. It is like locking the barn door after the horse is gone. At the same time, it is extremely important that we should not continue to drift, and it is infinitely important that we should make a beginning in trying to solve this great problem; because our foreign commerce to-day, notwithstanding the fact that it is larger in volume than it has ever been before, is still very seriously hampered and very seriously hurt by a lack of shipping facilities.

Mr. CURRY. Now, Great Britain, Italy, France, Austria-Hungary, Norway, Sweden, Brazil, and some other countries have passed such a law—absolutely prohibiting the transfer of registry of their shipping to a foreign flag. That being true, why should we not refuse to transfer the registry of our ships to a foreign flag?

Secretary McADOO. I do not see any reason why we should not. Does not this bill provide for that?

Mr. CURRY. There is a statement here from the Independent, of Stockton, Cal., of February 12, 1916, that a steamship of Mr. Robert Dollar's, for which he paid \$250,000, a vessel of 5,356 gross tons, was sold by him to the Japanese lines for \$1,000,000. He was offered \$1,000,000 for the ship *Robert Dollar* when she was docked in San Francisco, and he refused it because he had a contract on which he would make \$250,000 in taking a cargo from San Francisco to Vladivostok. But after he had delivered the cargo at Vladivostok he then sold the ship for \$1,000,000, the ship having cost \$250,000. I do not know why we should not prohibit the transfer of our ships to a foreign flag when they refuse to sell us their ships.

(The newspaper clipping above referred to is as follows:)

STEAMER "ROBERT DOLLAR" IS SOLD TO JAPANESE.

SAN FRANCISCO, February 11.

The sale to Japanese owners of the American steamer *Robert Dollar* was announced here to-day by the Dollar Steamship Co. It was said that the price was in excess of one million.

The *Robert Dollar*, now in Vladivostok, is a vessel of 5,356 gross tons and was built in 1911 in Glasgow at a cost of \$250,000. The vessel, with the other British ships of the Dollar fleet, was placed under the American flag at the outbreak of the European war when German cruisers were busy on the Pacific.

An offer of \$1,000,000 was said to have been made for the *Robert Dollar* a few months ago, but refused, as the trip on which the vessel was then engaged promised a profit of \$250,000, the original cost of the steamer.

Secretary McADOO. I see no reason, either; although, of course, as an economic question, in large measure, this may be true; and if it is, it is rather essential, because I understood Mr. Dollar had been driven out of the business by the seamen's act.

Mr. CURRY. Mr. Dollar never had a ship under the American flag in the over-seas trade until after the outbreak of the European war.

The CHAIRMAN. He was here the other day and never looked happier in his life to me.

Mr. GREENE. I understood he was going to transfer all of his vessels to Vancouver anyway.

Secretary McAdoo. I do not see why he did it, because certainly they are making money every day on every voyage. Ships have been bought and are being bought to-day which are making more than their entire cost in a single voyage and coming back in ballast; and if there ever was a time when it was not necessary for a shipowner to desert the flag, this is the time; and if there ever was a time when a man who has ships under the American flag ought to be patriotic enough to keep them under the American flag, especially when they are making fortunes on every trip, this is the time he ought to do it.

Mr. GOODWIN. Is not this primarily the thought back of this whole legislation, that inasmuch as the European Governments now at war have taken over practically all of the railway and steamship transportation lines, and the same being nationalized—usurping, so to speak, the functions and rights of private and corporate interests that formerly owned them—that when the war is over there will be the greatest commercial rivalry the world has ever seen, and the nations that have lost their trade will seek to regain it and to extend it, and every country will attempt to be in the vanguard of this commercial activity, and inasmuch as European countries have nationalized those activities, thus overcoming and outstripping private and even corporate interests, that therefore they are outstripping us in this commercial conquest as long as we permit our commerce to remain exclusively in the hands of private and corporate interests, and therefore we should ourselves nationalize in a measure, or seek so to do, so as to give an impetus to that increased activity which we ourselves expect to take part in?

That is rather crudely and inadequately expressed, but the thought is that private interests in the future can not cope with nationalized interests, because once the step is taken forward by a government it will not be retraced either in times of war or in times of peace?

Secretary McAdoo. I think that is undoubtedly true and that it is essentially a part of preparedness, both economically and physically, for this Nation to take similar measures for our protection; and I think that, to the extent the foreign governments have extended their powers over the shipping of their respective countries, it is absolutely necessary that we organize and concentrate the powers of this Nation to enable us to protect our own interests.

Mr. GOODWIN. That is the thought I had in mind, that we have got to keep step with that movement.

Secretary McAdoo. I may say in connection with the purchase of vessels (and I advert to this, gentlemen, simply because I think it is important that we should learn the lessons of the past in order that we may exercise more intelligent judgment in the future, I think it is obvious to any man who will review the events of the last year and a half that a very grave mistake was made by this Government in not having bought as great a number of merchant vessels as could have been obtained at that time. Had it done so, the extortionate and fabulous rates of freight which now prevail upon the ocean could have been, so far as the vessels under Government supervision are concerned, cut 50 or 75 per cent, and those vessels could have earned their full cost even at those reduced rates within a single year—they could have earned more than their full cost. And I think they could have exercised a very potential influence upon the

general level of freight rates upon the ocean; they could have exercised an influence upon it just as the war-risk insurance bureau, with only \$5,000,000 of capital, has exercised a very potential influence upon the general war-risk insurance rates of the world. And certainly we could sell those ships to-day, if we had bought them, at twice their original cost—possibly more.

Looking at it from a purely commercial standpoint, I think it will be conceded that we would have made a very good bargain indeed if we had bought those ships at that time. And, in addition to that, with the control of that large tonnage and the operation of it now under the American flag, we certainly could have contributed very greatly to the alleviation of the present difficulties from which our shippers are suffering in getting their products into foreign markets.

The present bill is designed, however, to be a very much more constructive and permanent measure than the bill introduced in September, 1914. That bill, as I said before, was purely an emergency measure, and was designed to meet a condition which was then acute, and which, I think, could have been met if that bill had been passed. The present bill goes a great deal further than that; it creates a shipping board to be of a permanent character, with very large powers of regulation and supervision. It gives this board the power to purchase or construct ships which will be suitable as naval auxiliaries, so that they may be made an essential part of the program of preparedness for national defense.

I do not think it is necessary for me to advert to the absolute necessity of having the Navy supplied with at least a part of the naval auxiliaries, which it will need if war ever comes, to make it an effective fighting unit. I believe Admiral Benson was here yesterday, and he can tell you more about that than I can. The figures I received from the Navy Department some time ago showed that we did not have, in our merchant fleet to-day, enough vessels to give the Navy, as it exists to-day, sufficient naval auxiliary support in time of war; and that we would require for the Navy, as it exists to-day, something like four or five hundred thousand tons more of naval auxiliaries than we could possibly commandeer from the present merchant shipping. One of the purposes of this bill is to provide the shipping board with enough money to enable it to build or purchase—preferably to build—in our own shipyards a fleet of merchant vessels adapted to the needs of the Navy, as auxiliaries, and to have them used in time of peace for the service of the commerce of the country and the creation of a necessary naval-reserve personnel from which the Government can recruit the naval vessels in time of war; and to provide the necessary trained organization to operate those merchant vessels as naval auxiliaries in time of war. The board is authorized under this bill to lease or charter these vessels, or to sell these vessels to American citizens, with a reservation that they may be taken back in case they are needed by the Government, upon terms to be fixed by the board with the approval of the President. That relates, of course, only to vessels which this board may acquire either by purchase or sale.

The bill also provides that the board may have the power to organize a corporation and to take a majority or all of the stock of

that corporation, in behalf of the Government, for the purpose of operating some of these vessels, or such number of them as the board may, in its discretion, think desirable in the interests of American commerce. My own view is that these ships should not be operated in the foreign trade by this corporation (it is not a Government operation, it is an operation by a corporation, in which the Government is merely a stockholder) in competition with established ship lines owned by our citizens, which are furnishing satisfactory service at reasonable rates; but that this corporation, if it should be organized by the shipping board, should operate ships wherever it would be necessary to extend, or desirable to extend, American commerce and to operate them to those parts of the world where private capital does not provide satisfactory facilities at reasonable rates. The bill does not make it mandatory upon this board to organize such a corporation and to operate any ships through that corporation; it is merely empowered to do so. And I think on reflection that you will see that this is a very necessary power for this board to have, if the public interest is to be protected; because if the board has the power merely to lease or to sell these ships, and, as the alternative of that, to tie them up in our harbors and allow them to remain idle (and, as you know, steamships depreciate very rapidly when idle), then the public would be absolutely at the mercy of shipowners, who would know that the Government could not protect itself because it would have to let the ships remain idle unless they were leased or sold to them upon their own terms.

And in this connection I would like to call your attention to the Federal reserve act. When that act was under consideration there was a great deal of discussion as to whether or not the national banks of the country would become members of this system. It was, of course, recognized that unless the national banks at least became welded into the Federal reserve system, so that we had one effective and powerful financial agency in the country, a homogeneous agency under national control, it would be impossible to protect our financial situation and give the country that elastic system of currency and expansive system of credit which every student of the question recognized as essential to our present and future prosperity. If the national banks had failed to come into the Federal reserve system by refusing to become stockholders in the Federal reserve banks, the system could not have been established.

Mr. GREENE. If they had not come in they would have been out of business, would they not, under that act? You would have organized other banks and they would have been shoved aside. They had to come in because they could not help it.

Secretary McADOO. It am coming to that; that is exactly what I want to explain. A provision was inserted in this bill, which I will quote. Section 2 of the Federal reserve act provides as follows:

Should the subscriptions by banks to the stock of said Federal reserve banks or any one or more of them be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve banks, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment and stock liability as provided for member banks.

No individual, copartnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than \$25,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock and may be transferred on the books of the Federal reserve bank by the chairman of the board of directors of such bank.

Should the total subscriptions by banks and the public to the stock of said Federal reserve banks, or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee shall allot to the United States such an amount of said stock as said committee shall determine. Said United States stock shall be paid for at par out of any money in the Treasury not otherwise appropriated, and shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such manner, at such times, and at such price, not less than par, as the Secretary of the Treasury shall determine.

It was not necessary for the organization committee to subscribe for any stock on the part of the United States. The mere fact that the Government was prepared to take that stock, so that the establishment of those banks was put beyond all question, made it unnecessary to offer any of the stock for sale. And I have the feeling that if this marine bill should pass, the mere fact that the Government has the power to operate ships in the interests of commerce of the United States, will very likely make it unnecessary that it shall do so. I think, furthermore, that the possession of that power by this board will make the people who wish to buy or lease these ships offer to the Government a reasonable price for them. In other words, the public interest will not be absolutely at the mercy of those who want to buy or charter ships, and they will be compelled to offer a reasonable price for the charter of those vessels, or a reasonable price for the vessels themselves, if they buy them.

Mr. CURRY. Do you feel assured that private interests will take stock in this company?

Secretary McADOO. No; I do not think it necessary that private interests should take stock; because you have this difference in those two matters. The only alternative of the banks was to take the stock of the Federal reserve banks or the Government would take it; in this case the alternative is for American citizens or corporations to lease or to buy these vessels or the Government will operate them. So that I think it is perfectly clear that if the bill is passed it is in the public interest that this board shall have a discretionary power which will enable it to protect the public interest against people who otherwise might—I do not say they would, but we have to recognize the avarice of human nature—make their own terms for leases or purchases of these ships if the Government has no power to do anything but lease or sell them.

Mr. CURRY. You do think the Government should run the ships after constructing them?

Secretary McADOO. I do not think the Government will have to run the ships, but if conditions arise where, in the judgment of this shipping board, the commerce of this country needs the operation of some of those vessels, then I think the board should have the discretionary power of operating such ships through this corporation. There is a very decided difference between the operation of the ships by a corporation in which the Government is merely a stockholder and the operation of ships through the sovereignty of the Government itself. Let us take the case of the Panama Railroad & Steam-

ship Co.: Suppose a shipper over the lines of that company, either by rail or steamship, must sue the company to assert a claim; he deals with it just as he does with any other business corporation, and the sovereignty of the Government is not in any way involved, as it would be in the case of vessels operated directly by the Government—as naval vessels, for instance.

The CHAIRMAN. Like Senator Weeks proposed in his bill?

Secretary McADOO. Yes, sir; like Senator Weeks proposed in his bill. In that case the claimant would have to sue the Government in the Court of Claims and would have to deal with the Government itself instead of dealing with a business corporation whose officers have, of course, greater elasticity in the management of the affairs of the corporation.

Mr. CURRY. Of course the corporation could sue and be sued.

Secretary McADOO. Yes.

Mr. HARDY. If the Government does form this corporation that is spoken of, that corporation may operate some of the vessels obtained under this, and at the same time the Government may lease the other vessels, or other of the vessels, to private enterprise, as I understand it. Is that correct?

Secretary McADOO. Exactly.

Mr. HARDY. So that some of the vessels that we obtain under this bill might be leased to private enterprise or corporations while the others for which we could find no private enterprise would be operated under a corporation formed under this law?

Secretary McADOO. Exactly. I think I could illustrate it by a concrete example, Mr. Hardy. Senator Weeks's bill recognized the fact that we did need improved facilities to the west coast of South America, even before the European war broke out, and his bill was an effort, and I think it was a very commendable effort, to provide such facilities. He was alive to the importance of doing what I think we all realize ought to be done, to improve our commerce and relations with South America and other countries. He had in mind the utilization of this great Panama Canal, upon which the Government has spent already almost \$100,000,000, and the improvement of our commercial relations with the whole western coast of South America over this short line which has been established by the opening of that canal. Now let us assume this bill was passed and this board had the ships. Many of those ships might be leased or sold to American citizens or corporations—the bill wisely limits the lease or sale to American citizens or corporations—and they might operate those ships somewhere else. They would naturally operate them where they could make the most profit out of them. They might say, "This line to Chile which Mr. Weeks proposes is a lean line; there may be very little profit in it; there may be none in it for some time." But the interests of the United States might require that such a line should be operated. I think that Mr. Weeks's bill and the debate which followed it clearly shows that everybody, without partisan consideration of the question, regarded the establishment of such a line as beneficial to the United States. Now, the shipping board could, in such a case, cause a corporation to be organized as provided in this bill, transfer the necessary vessels to it, and that corporation could operate these vessels to Chile and touch at inter-

mediate ports with advantage to the business and commerce of the United States as well as to the benefit of South and Central America. Without such power the shipping board would be helpless to meet such a situation.

Mr. LOUD. And this Weeks bill was an effort to put into use the ships of the United States which were then lying dormant and which are now lying dormant?

Secretary McADOO. Those ships were not dormant; those are cruisers which he wanted to use and they are in service all the time.

Mr. LOUD. The Army transports and naval cruisers which could be spared were dormant as far as commercial work was concerned.

Secretary McADOO. He specified several of the fast cruisers in the original resolution, cruisers which were actively in service which he proposed to put into commercial use.

Mr. LOUD. But they were dormant so far as commercial purposes were concerned?

Secretary McADOO. Oh, yes.

Mr. LOUD. And that would increase the tonnage of the world commercially, to that extent?

Secretary McADOO. Yes. They could carry, as I recall, 150 tons of express freight each and probably 15 to 20 passengers and the mail.

Mr. LOUD. Yes; and something like 500,000 tons in army and naval auxiliaries.

Secretary McADOO. I do not think there is anything like such an amount of tonnage.

Mr. LOUD. There is 300,000 in the Navy alone, and I think 24 ships, army transports, besides the Panama boats.

Secretary McADOO. That may be, but it is not all available for commercial uses.

Mr. LOUD. Not all, but a portion of it is.

Secretary McADOO. A portion of it could be used, I understand, but not a very great portion. However, to such extent as it is available and can be utilized it ought to be utilized.

Mr. LOUD. That is the point exactly.

Mr. GREENE. There is also a provision in this bill to purchase vessels as naval auxiliaries.

Secretary McADOO. Will you just allow me to elaborate the point I was making when interrupted, and then I shall be glad to answer any questions. Suppose that no one would lease or buy ships for the purpose of establishing this line to the west coast of Chile. Then this board will have the power to organize a corporation and to subscribe to the stock of that corporation for the Government, and it can offer private capital, if it wants to, an opportunity to participate in that stock subscription. Probably private capital would not take it; but if it did not it would make no difference, because the Government itself could take it and transfer to this corporation a sufficient number of vessels to enable that corporation to operate a line between the ports of the United States and Valparaiso, Chile. They would be merchant vessels constructed with reference to naval needs in time of war and with reference to the particular commercial needs of this particular line. To that extent the Government would then have provided the commerce of this country with instrumentalities for commerce which are very sorely needed.

As I said before, the bill does not make it mandatory upon the shipping board to organize such a corporation and to operate such ships through a corporation. The board will have the power to do that along with the power to lease or sell vessels. I assume that the board in all cases would look conditions squarely in the face and deal with them upon their merits and with due regard to what was for the best interests of the country.

Mr. GREENE. If those vessels are used as naval auxiliaries and should be carrying ammunition and all such material, and there should be trouble between the nations, would not the use of those vessels by the United States be more dangerous than if private individuals used those vessels?

Secretary McADOO. No, sir. Why should it be?

Mr. GREENE. Would it not involve the United States in international trouble?

Secretary McADOO. I do not see how it could any more than if the vessels were owned by private individuals. If the Government was a stockholder in a corporation operating those vessels, you mean?

Mr. GREENE. Under the provisions of the bill for the use of those vessels, if they should be used as naval auxiliaries, and therefore be United States vessels, backed by the power of the United States, would there not be some international difficulties arise with foreign nations if some foreign nation should seize one of those vessels?

Secretary McADOO. They would not be used as naval auxiliaries, except in time of war, by this Government, of course; so that you would not have that problem to confront you in time of peace. If the vessels were sold to an individual—

Mr. GREENE. Oh, no; not sold; but used to ship supplies for the Navy. As I understood Admiral Benson to say yesterday, they have vessels now to transport supplies to the Philippine Islands and various places. And if they transport all these materials that are necessary for the keeping up of the Navy and transport, for instance, meats and flour and anything that is of use to keep the Navy alive (because the Navy could not survive unless it had something to survive on; the men could not live without it)—if they were used for that purpose and were bearing the flag of the United States and the vessels should be seized as a vessel of the United States, would there not be some difficulty to arise that would disturb our international relations?

Secretary McADOO. I do not see how it could. And then operated by whom?

Mr. GREENE. Operated by the United States.

Secretary McADOO. Directly?

Mr. GREENE. Yes; under this bill. Indirection can not alter the fact. The fact that you do it indirectly only says you would do it directly if you dared to or not if you "dared to" but if you wanted to. But you do it indirectly to get rid of trouble. Now, would you not have just as much trouble as if you were to do it directly?

Secretary McADOO. Are you speaking of the operation of these vessels through a corporation in which the United States is a stockholder?

Mr. GREENE. Yes; in any way under this bill the Government may come into it.

Secretary McAdoo. The only way the Government could have any interest here that could be affected, as I see it, is if a corporation is organized in which the United States is a stockholder——

Mr. GREENE. And owner.

Secretary McAdoo. And owner of the stock of the corporation.

Mr. GREENE. Of all of the stock?

Secretary McAdoo. Exactly as it operates the Panama Railroad & Steamship Co. It owns all the stock in that company.

Mr. GREENE. Well, nobody has taken the Panama Canal, and I hope they never will.

Secretary McAdoo. All right; I want to illustrate my point. If the ship is operated by a corporation in which the Government is the sole or the majority stockholder—that is your question as I understand it?

Mr. GREENE. Yes; if I owned a vessel and I got into trouble, I would have to look out for myself; but how about the United States Government?

Secretary McAdoo. You could not look out for yourself; you would have to ask the United States Government to look out for you. That is just the point I want to bring to your attention.

Mr. GREENE. Exactly. What I did I might be punished for; but when anybody undertook to punish the United States I want to know if that would not involve them in trouble?

The CHAIRMAN. Mr. Greene, I would suggest that you allow the Secretary to proceed. I think we can clear you up after a little while.

Mr. GREENE. I think you have votes enough to clear me up all right.

Secretary McAdoo. With your permission I would like to answer the question because it is in the record at this point, and then I will proceed with my statement. Let us assume, gentlemen, that a vessel of the Panama Steamship Co. was seized by Great Britain or any one of the belligerent powers and taken into a prize court for any purpose that the belligerent thought it was justified in seizing the ship. The sovereignty of the United States is no more involved in that seizure, because the United States owns the stock of the Panama company, than if that ship was owned by any man sitting at this table and operating it under the American flag; because the affront is not to the property—if it is an affront at all—it is an affront to the flag. Once you lawfully put the flag of the United States upon a vessel the ownership of the vessel is immaterial because it is the flag of the United States which is affronted by the seizure, whether the vessel carrying that flag lawfully is the property of an American citizen or corporation in which individuals are stockholders or a corporation in which the Government is a stockholder.

Mr. GREENE. It is good doctrine, if you will only stick to it.

Secretary McAdoo. Your question implies this, Mr. Greene, that the Government of the United States would make a greater contest to protect a piece of property which the Government of the United States owns than it would to protect the rights of citizens of the United States who were lawfully using the flag.

Mr. GREENE. No; not as to whether they would, but, if they took a Government-owned vessel, whether or not it would not raise a

question that would be more important than simply the taking of a private vessel?

Secretary McAdoo. The stockholder is not the corporate entity at all. Here is a corporation which is a distinct entity. The mere fact that the Government of the United States owns some of the stock in this entity—

Mr. GREENE. Owns it all.

Secretary McAdoo. Owns it all—it does not make any difference whether it owns it in part or owns all of it. The Government, as a stockholder, is not the owner, but the corporate entity itself is the owner of the property, whoever may own the stock. It is exactly the same as if you owned stock in a railroad company. If a suit for damages was brought against the railroad, you are not personally involved; you could not be involved as a stockholder except in so far as losses or injuries to the corporation affect the value of your stock.

And I wish to call your attention particularly to this provision of the bill—

Mr. GREENE. Is not there a difference between the operating of a railroad—an electric road or a railroad—and operating a vessel on the high seas?

Secretary McAdoo. I think not, sir, except so far as the admiralty laws governing ships differ from the laws relating to railroads.

Mr. GREENE. I am not a lawyer, and I am asking these questions to get a little information, if you have it. That is what I am after; I want to get information. I wish I was a lawyer, but I am not.

Secretary McAdoo. The Panama Railroad Co. operates steamships as well as the railroad on the isthmus, but the ownership of stock by the Government does not involve it directly in any questions arising out of the operation of that corporation. The Government does not have to answer because the Government is not directly involved one way or the other—only indirectly—and its sovereignty is no more involved in questions affecting the Panama Steamship Co. than it is in the ship which any man sitting at this table might own and operate lawfully under American registry, because it is the duty of the Government of the United States to see that the flag is respected and that the rights of its citizens, whether corporate or individual, are duly regarded when those citizens are lawfully exercising the powers and rights to which they are entitled.

Mr. KINCHLOE. And would not that be the same, Mr. Secretary, whether they were owned by private individuals in part and by the Government in part or all by the Government, just so the American flag floats over it?

Secretary McAdoo. Absolutely.

Mr. CURRY. Is that the way Great Britain looks on an attack on the Suez Canal, in which she is a majority stockholder?

Secretary McAdoo. That, Mr. Curry, is a very different proposition. The Suez Canal is fixed property, an international highway, affected by treaty obligations and governed by totally different laws and considerations.

Mr. CURRY. It is only a majority stockholder.

Secretary McAdoo. We are not merely a majority stockholder in the Panama Canal. We own it outright, and a different rule applies. The users of the canal are shipowners who operate ships on the

high seas, and the questions we are considering relate to the ships themselves and not to the canal. The States, for instance, control the highways, and questions relating to them are quite different from those arising out of the operation by private owners of automobiles or vehicles on such highways.

Mr. CURRY. I think this is very important as to the attitude of the American Government, if a question of this kind should arise. There is a close question of international law involved there and as to whether there would be friendly relations or whether it would be looked upon as an unfriendly act is a matter that ought to be looked into very carefully. If a belligerent should pick up one of my ships and take it into a prize court, the United States Government under international law should protect me to the extent of its ability, that is true.

The CHAIRMAN. I thought we had agreed unanimously to allow the Secretary to complete his statement.

Mr. CURRY. The Secretary has asked to have this done now.

Secretary McADOO. I just asked to answer that question since it had been propounded by Mr. Greene and put into the record.

The CHAIRMAN. I did not understand that.

Mr. GOODWIN. I think it is an important subject and should be developed, of course.

Mr. CURRY. I do not wish to interject myself here, Mr. Chairman, but the Secretary said he wanted to finish this proposition up now, But if he would rather continue I will defer to his wishes.

Secretary McADOO. If you will permit me, gentlemen, to continue this discussion, I should like to call your attention to the fact that this bill specifically provides that "all vessels"—this is section 6—

purchased, chartered, or leased from the board, as herein provided, shall be registered or enrolled under the laws of the United States as vessels of the United States and entitled to the benefits and privileges appertaining to vessels of the United States, and shall, when and while employed solely as merchant vessels, be in all respects subject to all laws, regulations, and liabilities governing merchant vessels, whether the United States be interested therein, as owner, in whole or in part, or shall have or hold any mortgage, lien, or other interest therein. * * *

Now, the United States Government has, by that provision specifically put foreign nations and everybody else on notice that it has divested itself absolutely of any rights as a sovereign in these vessels and that they shall be treated exactly as privately owned vessels, and shall be subject to all laws, international and otherwise, governing merchant vessels of this character operated upon the high seas. So that there is no possibility under the express provisions of the bill itself for any question to arise, any international question of the kind you have described, and I go so far as to say—I have been a lawyer; at least I was admitted to the bar and have tried to practice, but don't claim to be a very good one—I do not think there can be the slightest question in international law as to the status of a vessel in which the United States or anybody else is a stockholder, whether that provision is in the bill or not.

Mr. GREENE. Then, the provision is not of any value?

Secretary McADOO. I do not think it is essential, but I think it is a very wise provision to meet the very point you are raising, because it unquestionably sets that question at rest.

Mr. GREENE. It does not quite, in my mind.

Secretary McAdoo. I feel assured in my own mind that no such question could arise.

I should like to refer, for a moment, to the importance of this measure as providing essential naval auxiliaries. Under the powers of this bill the board will have authority to expend \$50,000,000 in the construction of ships, with reference to their availability and usefulness as naval auxiliaries. It is for that reason that the Secretary of the Navy is put on this board. There is no question about the fact that merchant vessels can be constructed with reference to naval uses and not impair their usefulness in any way as merchant vessels, and at the same time make them an immensely valuable adjunct as an efficient part of our Navy. One of the troubles with our Navy, as I understand it, is that we have not developed homogeneously and correlatively all of its parts, and we have always been particularly negligent of the necessity for naval auxiliaries. You could not keep a fleet at sea, coaled, provisioned, and ammunitioned in time of war, unless you have these absolutely essential merchant marine naval auxiliaries. It is true you can improvise out of your merchant fleet, if you have adequate tonnage, makeshift naval auxiliaries. We had that experience in the Spanish-American War. I won't read a list of these vessels now, but I should like to put into the record a list of the vessels that were bought by the Navy in 1898, costing approximately \$18,000,000. (Exhibit No. 9.) And, in addition to that, the Navy leased certain vessels for use during the war at an additional cost of \$3,000,000. (Exhibit No. 10.) And of the \$18,000,000 invested in naval auxiliary vessels a large part of them have been sold for about 20 per cent of their original cost. (Exhibit No. 9.) I think it is perfectly clear, in the light of past events, that we have got to adopt a different policy for the future with respect to the creation of these essential naval auxiliaries. If the board should provide these vessels we will have in reserve at least a percentage of what the Navy would require in time of the country's need; and, while providing such vessels, we will be able, at the same time, as the bill contemplates, to put them in use for the furtherance of the commerce of the country.

It is true that with \$50,000,000 you can not acquire a very great fleet. As I understand it, you could construct about 500,000 or 600,000 gross tons of vessels, or about 40 per cent of the naval auxiliaries required by the Navy as it now exists. There is, of course, a very definite limitation upon the amount of merchant tonnage that this bill would provide. But primarily the provision of that number of suitable naval auxiliaries of the best type would be of immense advantage to the Navy. It would very largely increase its efficiency. If we are going to improve our Navy, if we are going to build a great Navy, if we are going to have an adequate naval force to protect the United States, then it is absolutely essential that these naval auxiliaries should be constructed. My judgment is that they ought to be constructed even if they are kept idle in our ports—foolish as keeping them idle would be—because it is absolutely senseless to construct a great Navy without this essential auxiliary arm. Without it the Navy can not take care of itself in time of war.

The board is given power to make investigations into our navigation and shipping laws, and to make recommendations to the Congress from time to time as to what may be done to improve them and

further encourage our merchant marine. You gentlemen have heard many statements here about our navigation laws. The average man who discusses the merchant marine question says glibly as an infallible remedy "repeal your antiquated navigation laws." People who have discussed the question with me have said that repeatedly and when I have asked them, "in what particular would you have those laws repealed or altered," they have said, "I don't know." They have just heard that sort of talk and think there must be something wrong with the navigation laws. Now, if there is anything wrong with those laws, this board can investigate thoroughly and ascertain to what extent modifications or changes should be made and, to that extent, it will exercise and perform a very valuable function.

Also, the provisions for the regulation of steamship companies, as provided in section 9, are, to my mind, of paramount importance. This committee is more familiar with that subject than I am, because you have made heretofore a very exhaustive, useful, and beneficial investigation into the merchant-marine conditions throughout the world. I think it is recognized on every hand, especially in view of the things that have occurred since the European war broke out and the actions taken by other nations, that it is imperative that this Government should give to some board the power to protect the commerce of the United States and the shipping interests of the United States. I think that not the least useful function that this board can exercise is the power to prevent or restrain foreign steamship corporations from unfair competition with ours. When Mr. Douglas was before your committee the other day he made the statement that notwithstanding our treaties with other nations, our vessels are not given the same treatment in many quarters as are given to British vessels. Whether that statement is true or not I do not know. It was a surprising statement to me, and I do not believe it to be true; I believe Mr. Douglas is, in other words, honestly mistaken in that statement, because, so far as I can learn, our vessels have had the same treatment in every respect in British waters that British vessels have had within the provisions of our treaties with Great Britain. But whether that is the fact or not with respect to Great Britain or any other country, to have a board here empowered to act for this country and see that discriminations are not practiced against our vessels is a very important thing to accomplish.

Again, the steamship combinations which have been formed in times past to control transportation upon the high seas, combinations which were exposed very thoroughly by the report of this committee a few years ago, show the necessity for our having some such control or power over foreign steamship companies operating in our waters as will compel respect of our laws and obedience to such rules and regulations as may be promulgated by lawful authority in this country, covering the operations of foreign steamships in our waters. I think the fact that these steamship corporations, including American corporations, had formed a combination and did partition the commerce of the world among themselves prior to the outbreak of the European war, fixed rates arbitrarily, determined the service to be given, did as they pleased without accountability to anybody, and put into operation "fighting ships" to destroy competition wherever

it appeared, was not only a most serious menace to private enterprise, but actually prevented the investment of American capital in the foreign shipping field. By the power to license these foreign vessels, we can compel them to respect the laws of this country. It will be a very strong instrumentality through which we may prevent abuses of the character I have described and protect the legitimate interests of our producers and shippers and shipowners.

I think the regulatory power provided by the bill over domestic steamship corporations is of very great importance. As it is to-day we have no regulatory power over steamship companies of any kind. This bill undertakes to assert through this shipping board a reasonable measure of regulation of steamship rates, etc., in order that the interests of the shippers, producers, and business men and the general interests of the commerce of this country at large may be fully protected.

There is another provision in the bill which I regard as of very great importance and one which will be most helpful in encouraging American capital to engage in shipping enterprises, and that is the provision which enables the railroads of the country, in conjunction with steamship companies operating under the American flag, to make special rates to meet competition in foreign markets. I will illustrate it by citing the case of a merchant at Buenos Aires. For instance, he wants to buy something of American production in Chicago. He also asks for competitive bids in Great Britain and Germany. If the railroad company in Chicago is asked to make, in conjunction with the steamship line under the American flag operating to Buenos Aires, a special rate that would enable the American merchant or manufacturer to meet the competition of his British or German rival in Buenos Aires, it can not be done under existing law. But under this bill the railroad company and the steamship company could make a special rate on that export business that would enable our merchants, manufacturers, and producers to compete successfully in those open markets of the world. I read the other day in the papers that Mr. Fairfax Harrison, president of the Southern Railway Co., had called attention to this particular feature as a necessity for increasing our foreign trade in a speech delivered at New Orleans on the 28th of January, 1916. That was before this bill was introduced by Judge Alexander and before he knew that it contained any such provision as this. I should like to read a paragraph from that speech for insertion in the record. He says:

Coming back again to the question of railway transportation and attempting to formulate some of the things which the American railways should be enabled to do to promote foreign trade, I turn once more to the example of Germany. I do not propose Government subsidies, but the opportunity to follow in private endeavor what German railways have done, without undue or unnecessary governmental restriction. The German railways have given most effective aid in the development of that country's great international traffic. They have applied special rates on export traffic lower than on domestic traffic, and again special rates lower on export traffic to German ports than on that passing into or through other countries by rail. In their rates to German ports for export they make distinctions between traffic destined to different countries. That is to say, they make distinctions in their charges to meet the necessities of competition, differing in degree as to different territories of destination, just as the merchant must vary his profits to meet the varying competition found whenever he attempts to extend his trade beyond

local boundaries. Our railroads in the United States must do these things if our people are to enter broadly into competition with other countries for a world-wide trade. And they are ready and willing to do so, if they do not thereby endanger the entire fabric of the domestic rates on which they must depend for bread and butter, if not for jam. To state this again, practically and not theoretically, the railroads of the United States must be allowed to do these things without being charged with, and penalized for, discrimination against domestic traffic. Such a proposal requires a broad vision by regulating authority, but it has well-rooted precedents. Even the Declaration of Independence does not claim more than that all men were created equal, and even Thomas Jefferson recognized that domestic commerce and foreign commerce were two separate and distinct functions governed by different laws, even when carried on by the same individual.

While not saying that in every particular, in every sentence Mr. Harrison uttered there, I am in accord with him, I do say that in the general principle I am in thorough accord. I believe it is absolutely essential to the promotion of our foreign commerce that our railways and our American steamship lines be permitted to make special rates on their export trade which will enable our producers, merchants, and manufacturers to compete successfully with their foreign rivals in the open markets of the world. And I may say, further, that this sort of discrimination in favor of our own steamships does not contravene any treaty obligations of this Government. They are perfectly legitimate discriminations which we may extend to our ships and our railroads, discriminations which other Governments have uniformly practiced in favor of their railroads and ships operating under their own flags and their own industrial organizations.

I think it is also important, as provided in this bill, that this shipping board shall have the power, in conjunction with the Interstate Commerce Commission, to permit shipments over railroads to catch specific steamship sailings. These things will greatly encourage American capital to go into steamship enterprises, because to that extent it will put them on a favorably competitive basis with foreign steamships which have similar privileges in their own countries.

There are provisions in the bill (section 11) for the creation of a Naval Reserve out of the sailors who will be engaged on these merchant vessels. I think that is a very wise provision. At a very small cost, a cost which the department estimates will be less than the cost of maintaining or operating a single battleship a year, we will be able to provide a very large naval auxiliary personnel which will be of incalculable benefit to the country in time of war.

I do not know whether I have (and I think I have not) covered every section of the bill; perhaps, on account of the colloquies we have had; but that may be developed in the course of the questions which you may feel disposed to ask.

The CHAIRMAN. Mr. Secretary, you have not made clear just how these vessels may be employed. For instance, the bill provides that the board may cause vessels to be built in American shipyards or may purchase vessels whether built in American shipyards or abroad. I understand the bill gives the board that power. In what trade, do you understand under the bill, foreign-built ships purchased by the board may be employed?

Secretary McADOO. The bill, as drawn, permits the foreign-built ships to be operated only in the foreign commerce of the United States. As drawn, it also permits ships built in our own shipyards

to be employed in whatever trade an American ship is entitled to engage, coastwise or otherwise, of course.

The CHAIRMAN. That is, it may be leased or sold to a person, company, or corporation to be used in the coastwise or foreign trade if it is American built?

Secretary McADOO. Yes.

The CHAIRMAN. But if the vessel is foreign built it can be only utilized in the foreign trade?

Secretary McADOO. That is correct as the bill is now drawn.

The CHAIRMAN. And the bill, as drawn, does not exclude Porto Rico and the Hawaiian Islands from the coastwise trade?

Secretary McADOO. No.

The CHAIRMAN. Have you any further suggestion with reference to these foreign-built ships, as to how they may be utilized? I will say, frankly, that under existing conditions I do not see where we can buy foreign-built ships nor have them built abroad, because my information from our shipbuilders is to the effect that we can build ships in American yards now as cheap or cheaper than they can be built abroad. But if these foreign-built ships were admitted to American registry for the foreign trade, they might trade from New York to the east or the west coast of South America or to the Far East; but if they were going through the Panama Canal, for instance, to China, Japan, or Australia they would not be permitted to carry cargo from New York to San Francisco or Seattle and then proceed on their journey to the Far East.

You have already mentioned the condition of the lumber industry on the Pacific coast, and the canners of California have come in here with a complaint that they need additional facilities for the export of their commodities. Have you any suggestions to make along that line?

Secretary McADOO. I think that the bill, Mr. Chairman, is faulty in that respect. My own feeling about it is this: One of the objects of this bill is to encourage the investment of American capital in steamship lines, in the deep-sea lines. The American capitalist, the shipowner, is now permitted to buy a foreign ship, no matter of what age. There are no restrictions upon his right to buy ships; he can buy them in any market of the world wherever he can get them cheapest and register them under the American flag. To that extent that law is an encouragement to private capital to invest in shipping. We have got this discrimination, however, against that American-owned but foreign-built ship; it is not permitted to take on and discharge cargo, as a part of its foreign voyage, at ports of the United States that are embraced within the coastwise area or limitation. For instance, let us say that an American owns a ship of foreign construction which he has registered lawfully under the American flag. He starts on a voyage from New York to New Zealand, going by way of Chile through the Panama Canal. If he wants to pick up a cargo after leaving New York at New Orleans and another one at Galveston, and then go on to a foreign country, and to discharge a part of his cargo at New Orleans from New York and take on cargo at New Orleans for Galveston and discharge a part of his cargo at Galveston and take on at Galveston other cargo for Chile and New Zealand, he is not permitted to do that. And

coming back, for instance, from New Zealand and Chile, if he wants to stop at Galveston and discharge a part of his cargo and then to take on other cargo at Galveston, say for New York or New Orleans, and then to proceed on his voyage to New York, he is not permitted to do that. But if he has an American-built ship he can do that, as I understand the law.

The CHAIRMAN. Under this bill?

Secretary McADOO. I mean under existing law. I think we can well afford to encourage American capital to engage in deep-sea enterprise by permitting American-owned but foreign-built ships engaged in foreign trade to touch at domestic ports, at any number of domestic ports, and to take on and discharge cargo as an incident to its foreign commerce, but not to engage exclusively and wholly in the coastwise trade. To that extent I think this bill, if amended, would offer a very large and additional inducement to American capital to engage in the deep-sea shipping enterprises.

You can take another case: Suppose an American vessel of foreign construction should sail from Liverpool with a cargo for New York, and then suppose it had an order to carry a cargo of cotton or grain from Galveston to Liverpool on the return voyage. As it stands now it would have to run empty from New York to Galveston, pick up its cargo there, and go forward, which, of course, is a great economic loss. If it had the right to take on cargo at New York for Galveston, discharge that cargo at Galveston, and then to take on its cargo at Galveston for Liverpool, that ship would be more profitable in the hands of an American capitalist and he could afford to engage in that business when otherwise he might not be willing to do so. It might mean all the difference in our foreign trade between a profit and a loss.

As I understand the laws of Great Britain—and I take Great Britain because she is the greatest maritime power—a British ship may touch at every domestic port, take on cargo to and from those different ports, and then sail on her foreign voyage. To that extent she has an advantage over an American-owned ship, because the American-owned ship can not touch at British ports as a part of her foreign voyage; but if the American ship, although foreign built, could touch at American ports and take on and discharge cargo as a part of her foreign voyage, then she would have reciprocal or compensating advantages, so far as our trade is concerned, with her foreign competitor.

The CHAIRMAN. Our colleague, Mr. Curry, has a bill pending before the committee to admit foreign-built ships to engage in the coastwise as well as in the foreign trade, providing they are owned by American citizens or by American corporations, in which a majority of the stock is owned by American citizens, which, of course, the committee will have a chance later to consider.

Mr. Greene, in his questions about the features in this bill, authorizing the operation of these ships by a corporation organized under the laws of the United States, of which the Government owned a majority of the stock, that it might create some acute international situation, and that would not be created if they were operated by some private person, firm, or corporation said, "Suppose these ships were loaded with munitions of war and supplies for the Navy."

It is not the intent that these vessels shall be so utilized in times of peace, is it, under this bill?

Secretary McAdoo. Not at all.

The CHAIRMAN. But if there is a war the Navy Department takes them over under orders of the President, and then they become a part of the Navy, and, in that event, would have the same status as any other naval vessel.

Secretary McAdoo. Absolutely.

The CHAIRMAN. But in time of peace they are merchant vessels and that condition does not arise. It is not the intent that these vessels shall be used to carry coal for the Navy and meat for the Navy and munitions for the Navy in times of peace; but when they are being operated in time of peace under the provisions of this bill, it is to carry our commerce aside from meeting any needs of the Navy?

Secretary McAdoo. Precisely, except in so far as the Navy, in time of peace, might absolutely require the use of these vessels permanently.

The CHAIRMAN. Then they become a part of the Naval Establishment?

Secretary McAdoo. Then they become a part of the Naval Establishment, with an absolute naval status. But otherwise, Mr. Chairman, section 6 of the bill, as I said before, expressly relegates these vessels to the status of ordinary merchantmen.

The CHAIRMAN. I think so, if it is possible by language to do so. Now it has been said that \$50,000,000 expended to buy ships would not go very far; it would not provide many ships. I think it is estimated that it would furnish from 75 to 100 merchant vessels.

Secretary McAdoo. That depends on the size and tonnage.

The CHAIRMAN. On the size and the cost, of course.

Secretary McAdoo. And the type.

The CHAIRMAN. But if we had 50 vessels, and they would involve the cost of a million dollars each, to meet present emergencies it would be a great asset to the foreign commerce of the United States, would it not?

Secretary McAdoo. Unquestionably.

The CHAIRMAN. In that connection, a gentleman will appear later on before this committee, representing the American Cast Iron Pipe Co., of Birmingham, Ala., to show just what it would mean if we had ships under the American flag to meet conditions in our foreign trade. I will call attention to that later on, however. If we had a large, flourishing, American merchant marine, in the event of war, of course, such vessels as might be needed would become a part of the Navy and would be commandeered by the Government for use as naval auxiliaries; is that true?

Secretary McAdoo. Exactly.

The CHAIRMAN. Now we do not have those vessels under the American flag, they are not available, and the purpose of this bill is to meet the conditions of our foreign trade, and while we are doing that we are necessarily building up a naval auxiliary for use in time of war?

Secretary McAdoo. Precisely.

The CHAIRMAN. It would not be economically sound for the Navy to provide all of those vessels and have them lying useless at the docks in time of peace, would it?

Secretary McADOO. It would be, I think, an unjustifiable waste except to the extent that we had better have them that way than not to have naval auxiliaries at all.

The CHAIRMAN. But it is not necessary to do that?

Secretary McADOO. Not at all. No other nation does it. They use such vessels profitably in commerce in time of peace where they have a naval auxiliary.

The CHAIRMAN. Referring to the features of this bill, which give to this board regulatory powers over our commerce—domestic and foreign—and over foreign shipping as well as our own, under the powers vested in this board to require all vessels entering our ports, whether foreign or domestic, to operate under licenses issued by the Government, deferred rebates could be effectively prevented; could they not?

Secretary McADOO. I think so, undoubtedly.

The CHAIRMAN. And the investigation made by this committee of the so-called "Shipping Trust" revealed that that was the most effective weapon used by the ships in the different combinations to shut out competition, and under the power vested in this board the use of fighting ships to prevent competition could be prevented, could it not?

Secretary McADOO. I think so.

The CHAIRMAN. And also foreign vessels entering our ports could be compelled to grant as favorable rates to American shippers in the foreign trade as to shippers from their own country?

Secretary McADOO. I think we could exercise probably as much compulsion as that, because the board, having the power to grant a license and to rescind a license once granted, may, of course, impose certain reasonable terms. You could correct a lot of abuses.

The CHAIRMAN. We could correct another condition existing right now in Seattle; the city of Seattle, the county and municipality, have spent several millions of dollars in the erection of splendid terminals or docks. You, perhaps, saw them when you were there last summer. I doubt if there are as fine terminals anywhere in the United States to-day. And yet the shipping combine will not use those terminals, and they are appealing to this committee and to Congress to correct that condition. If this board were created and vested with the powers given in this bill that condition could be corrected, could it not?

Secretary McADOO. I think that fair treatment for our shippers and producers could certainly be secured if the board thus created were given the powers contemplated by the bill.

The CHAIRMAN. A gentleman will appear before this committee to-day who wants to submit a bid in South America for cast-iron pipe in competition with manufacturers in England. The British manufacturers have the coercive influence of the British Board of Trade and are getting a much lower rate than the present rate. The Lamport & Holt Line, which is a British corporation engaged in trade from this country to South America, will not quote this company a rate at all, so that it practically means we will be shut out

from competition in that trade. Such a condition as that could be corrected, could it not?

Secretary McAdoo. I think so.

The CHAIRMAN. That gentleman will appear before our committee, and I think that presents one of the most intensively aggravating situations which have been called to my attention.

Secretary McAdoo. That is very pertinent illustration of the difficulties under which our shippers are trying to do business in foreign countries, where we have to ship and have been shipping under a foreign flag. The British ship favors the British producer; the German ship favors the German producer; and, as the American producer has to depend on British or German ships to carry his product, they discriminate against the American producer, and he "gets it in the neck," metaphorically speaking. We have no control whatever over them. They charge any rate they please and do as they please. But with the establishment of such a board we can deal with such conditions effectively.

Mr. HARDY. I want to ask just one or two questions. I will try to make them brief. I understand you to say, Mr. Secretary, that the statements made by Mr. Douglas the other day to the effect that our vessels were not given the same treatment in foreign ports as others were given, so far as you know, is without foundation?

Secretary McAdoo. I said that, so far as I know, it is incorrect.

Mr. HARDY. Yes. However, there is a practice, I understand, followed in general—

Secretary McAdoo. Pardon me a moment. He spoke, as I recall, particularly with reference to port dues and charges of that character. That is what I mean. In other respects I, of course, do not undertake to say.

Mr. HARDY. There is a practice, as I understand it, in Germany of quoting discriminatory railway rates on goods imported in German vessels under the rates charged on goods imported in other vessels. Is that your understanding?

Secretary McAdoo. I understand that is true, but I do not know.

Mr. HARDY. I understand you to say that if that discrimination, which is an indirect discrimination, is practiced that that would be one of the things this shipping board would investigate and make recommendations to our Government, or propose rules under their authority, to counterbalance it?

Secretary McAdoo. Exactly.

Mr. HARDY. It seems to me, and I would like to know whether you agree with me, that those methods of indirect discrimination ought somehow, by treaty or otherwise, be prevented.

Secretary McAdoo. I agree with you. I think that this board, having the power of license, and so forth, can exercise a very potential influence upon those questions; because if they discriminate against our vessels we could, of course, retaliate.

Mr. HARDY. I was just going to suggest that question.

Secretary McAdoo. Retaliation in such circumstances is very frequently productive of the right results.

Mr. HARDY. On the other hand, if our only recourse is to retaliate it certainly would be justifiable by making the railroads give preferential rates on goods exported in our ships, would it not?

Secretary McADOO. Yes; as far as we could do so. I think that one of the great things we accomplish by this bill is the organization of the powers of our own people with respect to this subject and the putting of those organized powers in the hands of a shipping board which can find out what the particular abuses are and apply all the remedies within the law; and if the remedies under this bill prove to be inadequate, they can make recommendations to Congress for additional legislation.

Mr. HARDY. In other words, they can give us the facts?

Secretary McADOO. Yes; and, in the meantime, exercise all of those powers which I think are beneficial.

Mr. HARDY. I understand, Mr. Secretary, and you put it strongly and clearly, that you are in favor of the very attitude I have assumed from time to time before this committee, that in your opinion those ships that are owned by the Government under this bill ought to be allowed at least en voyage on any foreign-going trip to touch at and carry from and to any of our coastwise ports passengers and freight?

Secretary McADOO. I think that they have that power anyway so long as they are built in American shipyards.

Mr. HARDY. I mean regardless of whether they are built here or not. I believe that these vessels which are built and acquired by the Government under our flag, and owned by the Government, ought to be allowed to touch at ports intermediate along the coast and to take on and discharge cargo at those points.

Secretary McADOO. As an incident to their foreign commerce, yes. But I think there is another advantage, Mr. Hardy; it would greatly stimulate the investment of American capital in deep-sea ships if in addition to saying to the American capitalist that he can buy his ship wherever he pleases and put it under our flag, you will also say that he can buy that ship wherever he pleases and to touch at our domestic ports as a part of his foreign voyage and to take on and discharge cargo at intermediate ports, as an incident to and in connection with the operation of the ship in the foreign commerce of the United States. I think it would perhaps be unwise to give a foreign-constructed ship the same access to the coastwise trade that we give to our vessels built in American shipyards. The reason for that distinction, in my opinion, is this, that it is of importance to the country, as an essential part of naval preparedness, to encourage, as far as we reasonably may, the upbuilding of our shipyards.

My own judgment is—I am not a shipbuilder or a ship operator, and I confess I know very little about the problem and I certainly know nothing about it practically—but as a result of my studies I am convinced that it would tend very much more to the building up of American shipyards to have these vessels of foreign construction given the privilege of participating in our coastwise trade as an incident to their foreign voyages, than if they are not so privileged; because the more vessels our people own and operate under the American flag the more it will stimulate shipbuilding in this country and, certainly, ship repairing in this country. I believe that once we give the stimulus of the world's market to both our ship-owners and our shipbuilders, we will be able to do in the shipbuilding field exactly what we have done in many other fields of American endeavor, to build cheaper than any other nation on earth can build. We are making steel and other structural material

cheaper than any other nation in the world. That is one of the most essential elements in the construction of cheap ships. I believe we can do in the shipbuilding business exactly what we have done in the automobile business. In the automobile business we are employing to-day the highest priced labor and are selling automobiles in competition with other countries all over the world. Nobody can touch, in cost of production, the Ford car, and yet Ford pays the highest wages to his employees that are paid any place in the world. And the same thing is true of American locomotives. We ship them all over the world, and in competition with the world. We do the same with steel rails and structural steel. The only reason we have not, in my judgment, developed our shipyard facilities and resources before is because we have pursued a narrow policy of practically restricting the production of those shipyards to our coastwise trade. Once we enter upon world trade and get a great merchant marine, both foreign and American built, the American shipyards will profit by that broader and wiser policy very much more than they will by the narrow policy of being confined to the construction of ships used only in our coastwise trade.

Mr. HARDY. I agree perfectly with you, Mr. Secretary, except I go a little further. I believe if these ships were understood to be entitled to enter into our foreign or coastwise trade, without reference to where they were built, and without any distinctions between them, that every ship that we have built under this bill in the competitive markets of the world, or built in the United States shipyards, in starting on that course the United States shipyards would build ships for us and for other nations as cheaply as any other country in the world could do. And therefore, while the suggestion you make is eminently desirable, I think you could go further without hurting any of the interests of this country.

Secretary McADOO. I think this, Mr. Hardy: I think that we could afford to continue the advantage to our shipyards they now have with respect to the coastwise trade, for the time being, modified only to the extent I have indicated. And, certainly, we can take the next step later if this produces a beneficial effect.

Mr. HARDY. I am more than willing to go carefully.

Secretary McADOO. I think the great thing to-day is to get American capital more largely interested in the shipping field. The more American capital we can succeed in getting invested in ships, and in the operation of ships, the greater benefit it is going to be to the American shipyards and the more the American shipyards are going to be able to compete, whether the American shipyards build the original ships or not.

Mr. HARDY. I do hope our committee will see the wisdom of going as far as the Secretary suggests, at least.

Secretary McADOO. Of course, I am only submitting this for the consideration of the committee. This is not something in which I am trying to force my view upon you. I am only expressing them for what they may be worth.

Mr. GREENE. The Spanish war vessels that were bought at the time of the Spanish-American War we bought without much care as to what use could be made of them, only we had to have something, did we not, and we paid any price?

Secretary McADOO. Precisely. We were not prepared in any way and had to submit to any extortion, while getting makeshift craft as well.

Mr. GREENE. No; we were not prepared in any way, and that was supposed to be a great calamity, and yet proved to be otherwise. But we had not anything at all, and we bought vessels at enormous prices and sold them at very low prices and got rid of them because they absolutely should not have been purchased except of necessity. In this case, in your chance to purchase, you probably would have to pay very exorbitant prices and you testified that you thought you would have to pay pretty exorbitant prices, did you not, if you can buy, and you do not know that you can buy any?

Secretary McADOO. Mr. Greene, my view of that is this: This board will have the power to purchase ships. I should think that a board of this character would be intelligent enough not to buy a ship unless it can buy it, whatever the price might be, with advantage to the country and to the commerce of the country to be utilized for the time being to meet an emergency. Now, if the compensating advantages were adequate it would be justified in paying a high price for the ship, and if they were not I think the board certainly would not do it. It is most important, however, that some organized power should exist here to deal with all these problems as they come along. No one can tell how much longer this European war is going to last. Certainly conditions in the shipping field are becoming more acute every day. We are absolutely and utterly unprepared to deal with any of the problems that have arisen since this war so far as the American merchant marine is concerned, and we have taken no steps since.

Mr. GREENE. In many of the subsidy bills introduced in Congress since I have been a Member here there have been a number of provisions made for merchant vessels as naval auxiliaries, to be constructed under the direction of the naval authorities, and this proposition put into this bill is simply enlarging on that idea that has heretofore been proposed in various subsidy bills.

Secretary McADOO. I am not so familiar with the bills to which you refer. Of course, here is a concrete proposal for the Government of the United States to spend \$50,000,000 in creating naval auxiliaries.

Mr. GREENE. But they would not spend the \$50,000,000 for naval auxiliaries, but the vessels would go into trade and everything else.

Secretary McADOO. I am simply explaining that here is a concrete proposal, so far as this bill goes, to expend that much money to do something toward the creation of a merchant marine that will also be adaptable to naval auxiliary uses in time of need, and to that extent we will provide a small percentage of what the Navy might require in an emergency. We certainly can be sure of that much.

Mr. GREENE. In our subsidy bills we had a very limited sum, very much less than proposed in this bill, and very much less than the expansion of it will mean in the future, and yet those bills were considered outrageously extravagant and wild, to spend money for the purpose of building up a merchant marine.

The CHAIRMAN. They would have provided for about 15 or 16 ships, with an expenditure of from three to five millions a year.

Mr. GREENE. I understand; but it was to aid something else. It was not to build ships entirely, but it was to aid the people in the

trade and to enable them to overcome the disadvantages in the American foreign shipping as we find now disadvantages; and this is an attempt to put the Government in because of the fact that the Government will have money enough to do this which an individual might not do, to compete with the foreign nations.

Secretary McAdoo. My view of that is this, Mr. Greene: We have hugged the hoary-headed delusion or dogma for many years that we can not construct and operate a ship under the American flag profitably. This is like a great many other dogmas which get the sanctity of hoariness and in time come to be commonly accepted. I think that one of the greatest things this shipping board can do, if authorized and given the means to build a fleet, will be to demonstrate by the actual construction of vessels that we can produce a type of ship—and I am confident that we can do so—which can be built in an American shipyard cheaper than anywhere in the world and can be operated with high-priced American labor cheaper than anywhere in the world. That is due to various causes, not only because we have American genius and skill to do it but because we produce the structural material that goes into the ship cheaper than anybody else can do it. I believe the Government can demonstrate by developing a standard type of cargo vessel that we can accomplish just that result.

Now, that assumption is based upon another great advantage that this country has in the form of the fuel-oil supply. We have more than 50 per cent of the crude oil of the world, and I think that the types of the future, the types that are going to give us dominion over the seas, are just the types which American genius and enterprise and material can construct and operate with the cheap fuel oil so lavishly bestowed upon us by nature.

Let me illustrate the necessity for governmental demonstration of such things at times. I was very much interested in a conversation I had a few days ago with Mr. Vrooman, Assistant Secretary of Agriculture. He told me a number of extraordinary facts about the value of governmental agency in demonstrating the usefulness of certain things to the people of this country. Some years ago the Department of Agriculture undertook to demonstrate that the cow tick could be eradicated without injury to the animal. That is a very serious injury to the farmers of the country—the cow tick. These could be destroyed by the very simple process of immersing the cow in a vat containing a chemical fluid. The farmers had the notion that their cows would be poisoned, or that the flow of the milk from the cow would cease, if subjected to this process. In some cases where vats were established by the Department of Agriculture they were blown up by dynamite, and in other places employees, who attempted to demonstrate the process, were mobbed; but that finally, after some time, they succeeded in convincing the farmers by actual demonstrations that the cow tick could be eradicated without injury to the animal, and it has resulted in enormous benefit to the farmers of the country.

The same thing is true of hog cholera. He said that the mortality in hog cholera was something like 29 per cent in three typical counties, which he mentioned to me. When the hog cholera serum was developed the Government tried to get the farmers to use it, but they would not do it, and finally the Government had to make actual demonstrations itself. In the three counties in question by

the use of the serum they reduced the mortality from 29 per cent to 1.7 per cent. The growth of the stock has enormously increased in those counties, all of which, of course, is a great contribution to the wealth of the country.

Now, if the Government had not exercised its agency of demonstration in these cases we might still be just as backward. I think we have got to demonstrate the same thing in the shipping field, the same as the demonstrations we are making in the Bureau of Standards in many scientific directions and in the Department of Agriculture which have proven so beneficial to the country.

And so I think by the construction of these naval auxiliaries that we must have for the American Navy, at least for effective preparedness, we will make demonstrations to American capital that will result in inducing very much larger investments in shipping enterprises than we have had before.

(Thereupon, at 12.45 o'clock p. m., the committee took a recess until 2 o'clock p. m.)

AFTER RECESS.

The committee reconvened pursuant to the taking of the recess. The CHAIRMAN. You may proceed, Mr. Secretary.

STATEMENT OF HON. WILLIAM G. McADOO—Continued.

Mr. GREENE. You referred to the hoary-headed proposition of the people who advocate subsidy. I want to say to you that in the first session of the Congress that I was here we passed a subsidy bill in the House of Representatives, the first time it had ever been passed. It failed in the Senate, near the close of the session. Since then we have come within one vote of passing it again in the House, after it had passed the Senate.

Now, under those propositions of subsidy, I want to make plain to you it was not proposed to build the vessels but to render aid to men who were in the trade and who understood it to open up mail lines. That is what we subsidized; we subsidized the mail lines. The act of 1891 is still in existence. We have never been able to extend that; we have tried several times to extend it and could not do it. If we could have extended this mail act of 1891, I think the proposition would have been hoary headed. I can see, for instance, why you regard it as hoary headed, because probably you have not given much attention to that line, because you start in in the first place not believing in it, and consequently you would not pay much attention to it.

Now, I am trying to get at the meat in this situation, although I do not believe in it, I am trying to get at the meat of it.

Secretary McADOO. Let me correct you just there. I did not refer to subsidies as being hoary headed, although I think perhaps it would not have been an incorrect charge.

Mr. GREENE. I thought that was your statement.

Secretary McADOO. I referred to the hoary dogma that American ships could not be operated profitably under our laws; that is what I was driving at. I think it is merely a dogma and a fear.

Mr. GREENE. I will agree with you in this point: That if our yards could have had the advantage of building vessels to a large

extent, they could have perfected them and standardized them and therefore they could build them a great deal cheaper. But one great difficulty with that is that while we have the talent to do it, while we only build a vessel at a time we do not enlarge; but when we do enlarge, why we will accomplish something.

Speaking of Mr. Douglas: Mr. Douglas was formerly a member of this committee and served here with a great deal of ability; and he has always, so far as I know, been actively engaged in the shipping business. As I understood you, you did not know whether he was correct in his statement, but I should assume that a man of his standing in the business world would be pretty near correct on anything he stated in regard to the merchant marine, because he has had intimate knowledge of it both here and abroad, having made it his business and gotten his living out of shipping.

Secretary McAdoo. I referred to his one statement only, where I thought he might be incorrect; but as to that, I said I did not know whether he was or not.

The CHAIRMAN. He is an exporter, but I do not think he has had any experience in operating ship lines, Mr. Greene.

Mr. GREENE. Oh, no; not in operating ship lines.

Secretary McAdoo. Let me correct you again only to the extent of making clear what I said about Mr. Douglas. He made a statement, as I understood him, that there was a discrimination in the matter of port charges and in the treatment of American vessels when they entered British ports. At least, he said he thought so.

Mr. GREENE. I have heard so, myself.

Secretary McAdoo. I do not think he made it as an absolute statement of fact; but he said there was a violation of our treaties if that was being done. I said if that was so, and I thought perhaps he was incorrect about it, then the powers this board could exercise would enable them to correct such practices.

Mr. GREENE. You could do that without a shipping board, if there was a violation of a treaty.

Secretary McAdoo. Certainly; but what I mean is that whether treaties are violated or not, if there were unjust discriminations, as a matter of fact, against our shipping in other ports, wherever they may be, then I think the powers this board would have would enable them, through the processes of retaliation and otherwise, to compel fair treatment. We could retaliate against their vessels, if necessary.

Mr. GREENE. I notice you quoted from a speech of the president of the Southern Railway and you thought his propositions were very good in regard to extending our foreign trade and that running foreign vessels in connection with the railroads you thought would help to build up a foreign trade. It would almost be absolutely necessary to run them in connection with the railroads, would it not, to build up a foreign trade?

Secretary McAdoo. I think it would be very helpful. I think this board ought to have the power, as the bill gives it, to meet these problems and deal with them effectively as they are presented. The extent to which the board may exercise these powers will be determined by the conditions and issues in the cases presented to them. My argument, Mr. Greene, is in favor of giving a body of this character adequate power to investigate and deal with these conditions as they arise.

Mr. GREENE. Might it not also be an advantage to do the same for the domestic trade? The domestic trade is certainly more valuable and more extensive than any foreign trade has been or ever can be.

Secretary McADOO. We do regulate rates now for the domestic trade.

Mr. GREENE. I know—but not to hamper the domestic trade and to allow vessels and railroads to be interested, I mean—whether or not that was an unwise proposition to separate the steamships from the railroads.

Secretary McADOO. In what respect?

Mr. GREENE. I mean to say in the Panama Canal act, lines like the Fall River Line steamers that have been running from my State ever since 1847 and with a great deal of success, which are owned by some stockholders who also own stock in the New York, New Haven & Hartford Railroad. I think there is a proposition coming up—I think the hearing is fixed for the 20th day of February—of allowing the through delivery of merchandise on those steamers, rather than to separate them, as provided in the Panama Canal act—allowing the Interstate Commerce Commission to do that. What would be your view of that?

Secretary McADOO. Of course, the question of a violation of the antitrust laws is the point of your question. That is a question of policy upon which—

Mr. GREENE. I do not think that question is involved in this proposition. The question is as to whether it would be wise to have the Fall River Line steamers, which have been running since 1847, in connection with the railroads, and which were built for the purpose of making business for the railroad—that is what they were built for in 1847, the railroad having been started in 1845, to my knowledge; I saw it myself, although when I first came here there was no railroad between Ohio and New York, when I came in there in 1844, and I came by stage. The railroad was built in 1845 and opened the steamship line which was the outgrowth of the building of that railroad, they having built the steamship line for making through traffic from Boston, and it has been continued ever since with great success, but which, under the un wisdom of the Panama Canal act, was driven out of business.

Secretary McADOO. I am not sufficiently familiar with the specific controversy to be able to express an opinion on it. I have not had occasion to look into it. But I think you will recall this, Mr. Greene, that the Panama Canal act was in large part enacted as a result of petitions and the insistence of chambers of commerce all along the Pacific coast to separate competitive steamship lines from competitive railroad lines.

Mr. GREENE. This is not a competitive railroad line; the New York, New Haven & Hartford is not a competitive railroad line.

Secretary McADOO. I understand. But that is a question I have not had occasion to examine particularly, I mean the New Haven's position, so I do not express an opinion on it.

Mr. GREENE. I think it would be a very serious calamity to my own State and, in fact, to the whole railroad and steamship interests to have that go in.

Mr. BYRNES. Mr. Greene, pardon me a moment; did you say you saw that railroad started in 1844?

Mr. GREENE. In 1845.

Mr. BYRNES. You saw it then?

Mr. GREENE. I did, sir. I saw James K. Polk in 1847 and I have never seen but one other Democratic President, and that is Woodrow Wilson.

Secretary McADOO. He makes up for a great deal, does he not?

Mr. GREENE. He has got to fill up all that vacancy from 1847 up to this time, because I never knew there was a Democratic President, by actual knowledge, except James K. Polk and Woodrow Wilson.

Now, I want to ask you this question, as to whether this provision that you had about this proposition that was so attractive in the speech of the president of the Southern Railway—whether that would be antagonistic to the Panama Canal act?

Secretary McADOO. I think not. I should not think so, because if that was ever done at all it would be done under the regulation of the Interstate Commerce Commission and the shipping board, acting jointly.

Mr. GREENE. Would not this provision that the president of the Southern Railway suggested be a sort of a limited subsidy; that is, it would act as a subsidy—act as an advantage?

Secretary McADOO. To whom?

Mr. GREENE. Given to foreign shipping.

Secretary McADOO. It would not help foreign shipping; it would simply enable our merchants, manufacturers, farmers, and producers to compete in the open markets of the world by getting equal freight rates with their competitors—or perhaps better freight rates than their competitors—when they can not compete at all now. It is an economic question for you gentlemen to consider, whether or not we ought to adopt the policy of putting our merchants, farmers, producers, and manufacturers in a position to compete in the open markets of the world through transportation facilities equal, at least, to those of their foreign rivals. And, by the way, Mr. Greene, Mr. Harrison did not suggest this provision in the bill.

Mr. GREENE. Oh, no.

Secretary McADOO. He happened to make this speech of which I knew nothing until it was published in the papers; and just because it was the view of a man who has ideas about such matters, I presented it to the committee for what it is worth.

The CHAIRMAN. That provision was in the bill long before he made the speech?

Secretary McADOO. Oh, yes.

Mr. GREENE. I notice the chairman suggested that he had had some communications from Seattle about wanting to regulate their terminals, and so on. Would you make this bill cover every complaint that everybody made and get up a bill that will take up all of the complaints of everybody in regard to shipping throughout the country?

Secretary McADOO. I think this board ought to have the power, of course, to investigate complaints.

Mr. GREENE. Oh, no; I mean the bill—preparing the bill and making a specific attempt to cover those complaints by the bill itself?

Secretary McADOO. I think the bill itself, as drawn, gives this shipping board power to investigate complaints of that character now.

Mr. GREENE. But these people who, for instance, are dissatisfied with conditions and write to the chairman; what do you think of having this bill amended to cover those specific complaints—or would you leave that to the shipping board?

Secretary McADOO. I think the bill gives the shipping board sufficient power to consider complaints of that character; if it does not, it should be amended so as to give it that power. There ought to be a forum to which the people of the country, farmers, shippers, and merchants, may resort for the purpose of having important matters affecting shipping and foreign commerce investigated and determined.

The CHAIRMAN. If you will pardon the suggestion, Mr. Greene, this bill gives the shipping board the same power in reference to water-borne commerce that is now exercised by the Interstate Commerce Commission in reference to our railroad commerce.

Mr. GREENE. I like the idea of the Federal Reserve Board, too. The banks thought at first they would not come in, but they had to or else go out of business. Now, we do not want to put shippers in this position who have been struggling to build up a shipping trade and who have done so—we do not want to put them out of business.

Secretary McADOO. Oh, no; the bill will not do that. I think it will do just the reverse.

Mr. GREENE. I am glad you think so.

The CHAIRMAN. The shippers are in favor of that section of the bill, and the Chamber of Commerce of the United States gives that its unqualified approval.

Mr. GREENE. I do not happen to be a member of that body, although I was a delegate at its last session and listened to everything I could. I know my friend Hardy has always been a very strong advocate of having foreign-built ships used in the coastwise trade of the United States, and I think you have suggested that. Did you know at the time that that question of granting American registry to those foreign-built ships was being considered there was a proposition brought up in the conference on that bill whereby there was an attempt to allow those foreign-built ships to enter our coastwise trade?

Secretary McADOO. I did not suggest it; no, sir.

Mr. GREENE. You did not?

Secretary McADOO. No, sir.

The CHAIRMAN. I want to say this, if that conference report had been adopted by Congress it would have been worth more to our American merchant marine than any legislation since the foundation of the Government; but the shipping trust did their best to defeat it, because it was against their own interests.

Mr. GREENE. I am not concerned in the shipping trust in any way on earth, and I did all I could to defeat it. And I am not interested and have never owned a ship or stock in a vessel in my life and am not in any way concerned in the shipping trust; but at the conference I did all in my power to defeat it.

The CHAIRMAN. Yes; you were a member of that conference committee and so was I and, if you recall, I was the one that suggested

what was done; because the bill, as it passed the Senate, provided that these foreign-built ships might be used in the inter-coastal trade. We agreed that that would be unconstitutional, and to avoid that condition, in the conference committee we agreed that foreign-built ships, if they applied for American registry, that is, were owned by American citizens, and if application was made for American registry within two years after the passage of the act, might be admitted and utilized in the domestic as well as the foreign trade.

Mr. GREENE. I got my information as to the disaster in that proposition from a very prominent Democrat, then a Member of the House and now holding a very high appointment under President Wilson, who met me that very day and gave me the greatest basis that I could possibly have for making opposition to that act.

The CHAIRMAN. I will say this, that it had no foundation in fact; I do not care who he was.

Mr. GREENE. I know the proposition went through the committee, but it failed in the Senate by a vote of 2 to 1.

The CHAIRMAN. Yes; and it had the support of Senator Borah, of Idaho, who was a member of the conference committee.

(After discussion.)

Proceed, Mr. Secretary.

Mr. GREENE. I am not quite through with my questions yet. In the construction of those vessels under subsidy we intended to construct approximately 1,000,000 tons with that subsidy of \$5,000,000 a year; we proposed to build up at least 1,000,000 tons of shipping, and that that would give the foundation. We did not propose to build \$5,000,000 worth of vessels with that subsidy; we proposed to take men who were skilled in the shipping industry and who were interested in the shipping industry, possibly owned ships in the shipping industry, and this subsidy was to aid them to overcome the advantages which foreign shipping and foreign shipowners obtained from their Governments, and to enable them to capture not only our mail facilities, but everything else. It was with the purpose of trying to overcome that. Now, it seems to me that was a very much different proposition than to imagine we could build 15 or 16 vessels. We expected to get at least 1,000,000 tons out of it and probably would have done it by that assistance.

Secretary McADOO. I have no means of knowing whether that would have happened or not, because I am not familiar with the bill you speak of.

Mr. GREENE. We do not know that this is going to happen, but you have a very clear idea of what you think.

Secretary McADOO. I know this, Mr. Greene, that if you try subsidy there is no assurance that you will get specific results. You may hope to get them, but as far as I am concerned I think it is very much better for the American people to use the amount of money that would be given to private shipowners as subsidies in the construction of needed naval auxiliaries—vessels which would be owned by the American people and used for their protection in case of war and for the building up of their commerce in time of peace. A subsidy is simply a grant of bonuses from the Treasury; it is a premium on inefficiency. But with \$50,000,000 given to the shipping board it can actually build vessels for specific needs. We know that the exercise of that power will produce certain results: we know

that the board can and will build ships with that money which will constitute suitable and needed naval auxiliaries and be available for the foreign trade of the United States. This plan assures a very definite and concrete result as against a merely speculative result if we offer subsidies.

Mr. GREENE. You would not anticipate this will be limited to \$50,000,000, would you?

Secretary McADOO. It is certainly limited to \$50,000,000 so far as the authority of this board to construct vessels is concerned. As I have already explained, I think that this board can demonstrate that a type of vessel can be built which will be so economical in operation—and I am speaking particularly with reference to cargo units, which are the most important things for our commerce—that American capital will be encouraged to engage more largely in shipping enterprises, with advantage to itself and to the commerce of the country. Aside from the fleet of vessels the \$50,000,000 will provide the stimulus to shipping enterprises should be great.

Mr. GREENE. There is one other question I would like to ask. Why are these vessels that you might lease or buy privileged to engage in the Porto Rican trade? It is now in the coastwise trade, and why should that be allowed?

Secretary McADOO. Vessels built, as the bill provides, in our own shipyards?

Mr. GREENE. No; not United States vessels; that is, foreign-built vessels. Does not this bill provide that in the Porto Rican trade you can use these vessels you happen to buy, from whatever source you happen to buy them?

Secretary McADOO. Yes; that is true. The reason for that is that the service to our outlying possessions is very poor and inadequate. Governor Yaeger, of Porto Rico, called on me not long ago and explained the imperative need of increased shipping facilities for Porto Rico. I think that vessels of this character operating, for instance, to South America ought certainly to be permitted to touch at Porto Rico on the way down and back. I think it will be of immense value to this country to build up its commercial interests with Porto Rico and to strengthen our influence and hold upon that island, which is one of our very important possessions. I do not see any reason why these vessels should not be permitted to touch at the ports of our outlying possessions, and I can see advantage in every way if that is done.

Mr. GREENE. Of course, that would affect the coastwise trade, and that will be rather hoary-headed, having lasted since 1879. It is quite a long time that that has been established without attack.

Secretary McADOO. The more we can develop and build up Porto Rico—and that rests primarily upon transportation now—the more the coastwise trade will benefit as a result of it. The industries of Porto Rico and her productive capacity have been very much limited, Gov. Yeager tells me, by lack of ocean transportation.

Mr. GREENE. That is all.

Secretary McADOO. I think I sent you, Mr. Chairman, a resolution from the Chamber of Commerce of San Juan, P. R., on this very subject of shipping facilities.

The CHAIRMAN. Yes; I put it in the record.

Mr. SAUNDERS. Mr. Secretary. how are the expenses of the commission that is created here to be paid? Are they to be paid from the profits of operating these ships or out of the Treasury?

Secretary McADOO. My idea is that the commission's expenses ought, like other Government boards, to be paid from the Treasury.

Mr. SAUNDERS. I could not find that very clearly from the bill; it rather appeared to me that would follow, but it does not appear from the bill.

Secretary McADOO. I think the bill ought to be amended so as to provide it, if there is any doubt about it.

Mr. SAUNDERS. That expense would approximate, I suppose, something like \$75,000 or \$100,000 a year; that would be borne by the general trade?

Secretary McADOO. I think it ought to be borne by the Government, like any other Government board or commission.

Mr. SAUNDERS. This corporation that is to be created, with the machinery that goes along with that, and with the salaries. Those expenses would be paid how?

Secretary McADOO. Of the corporation?

Mr. SAUNDERS. Yes; paid from the operation of the ships that they would run?

Secretary McADOO. Yes; from the operations of the ships.

Mr. SAUNDERS. Or from the general trade?

Secretary McADOO. They would be paid, of course, from the operations of the ships.

Mr. SAUNDERS. Let me see if I understand how this shipping would be utilized. When the Government issues these bonds, there would be fifty millions of them covering whatever rate of interest is prescribed, which of course the Government will have to meet, and it will have \$50,000,000 worth of miscellaneous ships. Now, looking at those ships the same as you would if you were a private capitalist owning them, how much in the way of lease would you have to derive from those ships in order to protect your capital or your investment?

Secretary McADOO. If you leased them all, if you leased the entire number of ships, assuming that the bonds bore 3 per cent interest, you would have to charge 3 per cent to cover the interest on the bonds, and it is then a question of how much the board will ask for depreciation.

Mr. SAUNDERS. I am having that in mind.

Secretary McADOO. The usual allowance I think in the merchant marine is 5 per cent for depreciation. Am I right about that, Capt. Bertholf?

Capt. BERTHOLF. Four or five per cent.

Secretary McADOO. The different steamship companies determine that.

Mr. SAUNDERS. How much would you carry against the loss of the ship or ships? Five per cent would not cover that?

Secretary McADOO. No. I think that insurance would, of course, be required by the board. The ships would have to be insured at whatever that cost would be.

Mr. SAUNDERS. I just want to know, having reference expressly to the business world, some reasonably approximate sum that would cover all of that.

Secretary McADOO. I think that 4 or 5 per cent for depreciation would be sufficient. But I am not really familiar with marine insurance rates, as to how much, in normal times, would be sufficient I would not think it would be a large amount; perhaps 1 per cent.

Mr. GREENE. Oh, more than that.

The CHAIRMAN. How much?

Secretary McADOO. About 1 per cent, I think.

Mr. GREENE. It would run nearer 10 per cent instead of 1.

Secretary McADOO. Ten per cent for marine insurance?

Mr. GREENE. Yes. I have been in the insurance business since 1876.

Secretary McADOO. Marine insurance?

Mr. GREENE. Yes.

Secretary McADOO. I think you are mistaken, Mr. Greene.

Mr. HARDY. I have investigated that, and I think it would be per cent.

Secretary McADOO. I may be wrong about that.

Mr. GREENE. Say 8 per cent, then.

Mr. SAUNDERS. Five per cent for depreciation and 3 per cent to cover interest on bonds; that would be 16 per cent on the \$50,000,000 as a business proposition, that you would have to lease those ships for.

Secretary McADOO. Not at all, Mr. Saunders. The insurance, of course, would have to be borne by the shipowner or the ship operator. No matter whether he leased or bought the ship, he would have to pay it. The depreciation cost, however, is set aside anyway. Now if the Government was only trying to get out even on a lease, it could do that by having an amount of rental that would be equivalent to 3 per cent on those bonds, on the cost of the ship—the bonds issue against the ship.

Mr. SAUNDERS. That is the question I propounded. Would the Government, having in mind \$50,000,000 worth of ships and the \$50,000,000 worth of bonds—what rental on that investment would it have to charge in order to make itself secure to provide against loss and to provide against depreciation and to create a fund for the return of those ships in time?

Secretary McADOO. I think if the bonds bore 3 per cent the basis of the lease ought to be at least 3 per cent for the Government to break even. Then there should be a provision in the lease for, say, 4 or 5 per cent for depreciation, whatever this board may think sufficient; and then, of course, the lessees of the vessel would be required to keep the vessel insured at whatever rate that might be.

Mr. SAUNDERS. That would have to be included as part of the arrangement with the Government?

Secretary McADOO. That would have to be included as a part of the arrangement with the Government; yes.

Mr. SAUNDERS. And by the time he has done that, would not the lessee be leasing those Government ships at practically the same cost that it would be to lease any other ships?

Secretary McADOO. That is possible.

Mr. SAUNDERS. Wouldn't it be?

Secretary McADOO. Not necessarily. I think that he would probably have to pay more to private constructors of vessels, because they in turn might have to pay a higher rate of interest. The Gov-

ernment's credit would enable him probably to get an advantage there.

Mr. SAUNDERS. The difference would only be with respect to the interest on the main capital?

Secretary McADOO. Mainly so.

Mr. SAUNDERS. Practically, then, there would not be much difference between the average man who wanted to go into the shipping business and wanted to lease a ship for tramp purposes in leasing that ship from this other owner of the ship, or leasing from the Government; there would be no great difference? I have in mind, of course, the difference in the interest on the \$50,000,000.

Secretary McADOO. The advantage to the Government is this, primarily it creates needed vessels for naval reserve purposes.

Mr. SAUNDERS. I had that in mind.

Secretary McADOO. It is a very important point and I would like to reimpress it so that it can be kept in mind, that we do create, by this means a percentage of efficient naval auxiliaries which are indispensable for the Navy. And we also, by this means, create a part of the naval-reserve personnel, which is very essential to the Navy. Now, that being accomplished as the primary purpose, then incidentally we can use these ships in commerce with the advantage to the business of the country.

Mr. SAUNDERS. I do not lose sight at all of those factors; but I was just looking at it now on the commercial side and endeavoring to find out, on the commercial side of this operation, what the Government, as a business man, so to speak, would have to charge in the way of leases for its ships. And I believe except for this difference between the interest carried on the \$50,000,000 it is about agreed that the factors would be about the same and the charges would not be essentially different.

Secretary McADOO. I think the difference would be chiefly in the interest rate on the original cost of investment, whatever that may be.

Mr. SAUNDERS. And having that in mind, what would be the inducement to a man who simply wishes to go into a maritime enterprise to rent his ships from the Government? Of course, the impression has been created that capital is just contumaciously refusing to go into the deep-seas trade. I take it that capital is just as willing to make money in the deep-seas trade as in any other business, and capital will only take hold of a Government ship with a view to operating it as a tramp or as part of an established line and with the idea that it will be remunerative as a going business; and now, so far as we have gone, what is there that would induce a man seeking to operate a tramp ship on the high seas to lease from the Government as against leasing from another owner?

Secretary McADOO. The chance is that he would be able to get his ship a little cheaper on account of the difference in the interest rate, and get the best type of vessel and get it quickly.

Mr. SAUNDERS. Is that all you can figure out that will operate as an inducement?

Secretary McADOO. I think chiefly that, so far as actual results go.

Mr. SAUNDERS. Do you think that would be sufficient to overcome what are supposed to be handicaps against American capital taking up this business?

Secretary McADOO. No; I do not.

Mr. SAUNDERS. What would be enough, then, to make capital take up this business? If that difference in the interest rate is not sufficient to overcome the handicap, what else is there on the business side that would overcome that handicap?

Secretary McADOO. I do not believe that there is any handicap. As I have said before, Mr. Saunders. I think that capital has not gone into American shipping because it has been able to employ itself in other directions more profitably than in the shipping field; and its attention has not been directed so much to shipping enterprises for that reason. We have had a rapidly developing country and there have been greater and more attractive opportunities for capital in other directions. But I think the time is coming, if it is not here now, when the expansion of the foreign trade, the need and the importance of our foreign commerce, is going to be so imperative that interest is going to be stimulated in shipping enterprises. By building these ships as naval auxiliaries the Government can contribute several hundred thousand tons for commercial purposes by leasing or selling these ships or operating them through a corporation, as I have described; and to that extent this naval auxiliary will be a decided help to our commerce. At the same time this board can, I believe, demonstrate conclusively to capital a fact which I think has deterred American capital from engaging in the shipping business heretofore, viz: That a type of vessel can be produced in this country which can be operated at a profit with American labor. With that demonstration, and especially with the other provisions in this bill—the other favorable factors in the bill—I think it will tend to encourage the investment of private capital in American merchant vessels.

Mr. SAUNDERS. I believe you used the figure that just as the Government had to show the farmers how to dip their ox so as to kill the tick, that the Government now would have to show the ship people how to operate on the high seas so as to make a profit in that venture. Don't you think the difference in that is that in the other instance the Government knew a great deal more about the scientific way to deal with ticks than the farmers did; and that in this particular instance the shipping world and the capital of the United States know fully as much about the opportunities of profit in the operation of merchant ships as the United States Government does?

Secretary McADOO. I am not sure of that, Mr. Saunders. I have an idea that private capital thus far has not been willing to embark upon certain experiments which I think the Government could make very successfully. And I think that through that means—

Mr. SAUNDERS. In order to do that, though, it would have to operate those ships as a Government proposition? I understood you, in the early portion of your testimony, to say you did not think the Government would have to operate those ships as a Government proposition.

Secretary McADOO. I do not think it is necessary for the Government to operate them. I think it can lease or sell them and demonstrate by that means. It comes back very largely to the type of vessel.

Mr. SAUNDERS. You also were asked if you did not think that the question of trouble would be presented if the Government did so operate these ships through the shipping board, owning all of the stock—I mean through a corporation owning all the stock in it—

should these ships be taken up in time of war by a foreign country and taken into a prize court, and you said you did not think any difficulty would lie along that line. Now, precisely that question was put by me to Admiral Benson on yesterday and he stated a very delicate question indeed would be presented.

Secretary McADOO. The admiral may think so, but I think international law will sustain the position I take.

Mr. SAUNDERS. I propounded that question to him, and he said a very delicate question would be presented, because I pushed that question upon him. I said, "Suppose, now, the operation of these ships by this corporation and the Government owning the stock in the ships, would not that question you speak of come strongly to the fore?" and he said it would.

Secretary McADOO. Did not Admiral Benson say that that might be so unless the Government divested itself of any attribute of sovereignty in respect to the ships?

Mr. SAUNDERS. I do not remember Admiral Benson making any such distinction as that, because the very moment he spoke of the possibility of a delicate situation being presented I put it up to him in this way: I said, "Take the case in which the Government owns all of the stock of the corporation operating these vessels, would not that question you speak of come strongly to the fore?" And his answer was in the affirmative. But, of course, that is a matter of difference of opinion.

Secretary McADOO. The section of the bill that I read a short time ago clearly divests the Government of any peculiar sovereignty over these ships and specifically provides they shall be treated like any other merchant vessels under our flag. I have great respect for Admiral Benson as a naval officer and for his opinion on naval questions, but I do not know whether he is familiar with the international law of this subject. It is a question of international law that can be easily settled by an examination of the authorities.

Mr. SAUNDERS. As a lawyer, in that connection I say I think Admiral Benson looked at it as a practical proposition. Now, I thoroughly agree when you create this fiction here, that the entity is not the Government, technically speaking. On the other hand, substantially it is, when the Government creates this corporation and owns all the stock in it, controls it, and directs it—that ship is, for substantial purposes, a Government ship. And I think the admiral had in mind that when such a ship as that was taken the United States without drawing those nice distinctions you speak of arising out of fictions of law—creations of law—would just have in mind: Here is some belligerent who has grabbed one of our ships, and there would be one of those excitements and flames that arise out of a situation of that sort.

In the operation of those ships by this corporation it is contemplated, is it not, that they shall be operated to those points where the opportunities for profit are not so encouraging as to induce private capital to go in?

Secretary McADOO. I think that is a question for the shipping board to decide.

Mr. SAUNDERS. Yes, but that was one of the illustrations used, that we would establish, for instance, between here and South America, steamship lines with a view to building up trade.

Secretary McADOO. I am expressing only my own ideas. Of course, the board would have to determine those questions in the light of facts and would certainly investigate each case and settle it on its merits. My point is that the board should have this power in order to protect the public interest in two ways: First, as against those who would, unless the board had this power, be able to impose or fix their own terms for the lease or purchase of these vessels, since the Government could not use them in any other way; and, second, because it is vital to the general interests of the country as well as to the commerce of the country that lines shall be established to some parts of the world where private capital will not enter but where the board could enter if necessary.

Mr. SAUNDERS. Was not that really one of the prime motives of this bill, to enable lines to be established between points in this country and other countries, notably South America, where they would have to be run at a loss for a while?

Secretary McADOO. Not necessarily.

Mr. SAUNDERS. That was pointed out by President Wilson in his message. That is precisely what he suggested, that they would be able to build up trade between points where we have no present hope of gain; but after they have run for a while and developed that a profitable traffic could be maintained, that the Government should then withdraw.

Secretary McADOO. The President suggested some such idea in his message.

Mr. SAUNDERS. That is precisely what he did suggest.

Secretary McADOO. I think he did suggest that. I don't recall his exact language.

Mr. SAUNDERS. As one of the main things in view.

Secretary McADOO. He said that could be done. I do not think he stressed that as the only reason for the passage of the bill.

Mr. SAUNDERS. Here is what the President said in that connection:

The Government must open wide the doors of trade, must open them before it is altogether profitable for them to open them, or altogether reasonable to ask private capital to open them as a venture; it should take action to make certain that transportation at reasonable rates should be provided, and when the carriage has become sufficiently profitable to attract private capital to engage in it the agencies of the Government ought to withdraw.

Now, that is the thought I had in mind in the question I asked and here is what I was coming to in that connection: That that idea being in the President's mind—and, as I have always understood in connection with this bill, one of the chief purposes of it was to establish just such trade opportunities as have been suggested in the message—that that operation would necessarily have to be done by the Government.

Secretary McADOO. Certainly the bill contemplates such a possibility, Mr. Saunders. But it does not necessarily follow that it would have to occur; the power is there.

Mr. SAUNDERS. I think we have always very thoroughly understood that the difficulty in our establishing lines between this country and South America was that the prospect of profit would not induce private capital to do it and that that field there was so great that it ought to be done, and that therefore the Government should come in and do it. I think that has always been understood.

Secretary McADOO. I think that is a persuasive reason; but if I were a member of the board I should certainly investigate very carefully.

Mr. SAUNDERS. Having in mind that those lines are to be established if we want to build up a trade to South America, I ask if it is not inevitable, in connection with that enterprise, that it would have to be done exclusively by the Government?

Secretary McADOO. I say that might follow; I do not think it inevitably follows.

Mr. SAUNDERS. Let us see. I do not say "inevitably"; possibly I might modify that to such an extent as to say in all necessary likelihood or some sort of equivalent phrase that might not be quite so strong as "inevitable," although I think it is pretty near inevitable. Would it not work out in this way, that any contemplated operation of such a line as that, in which, in the beginning, the chances for return are not encouraging and in which the idea is held out that when the returns begin that the Government is to withdraw, whenever that may arise—do you think it is likely that private capital would invest in a ship or a line of ships that would embark upon an enterprise of that sort?

Secretary McADOO. You mean in competition with the Government line?

Mr. SAUNDERS. No, to invest in those particular ships, because those ships would be operated under this corporation that we spoke of?

Secretary McADOO. I do not know that I catch that point exactly.

Mr. SAUNDERS. I will restate it, then.

Secretary McADOO. Please do.

Mr. SAUNDERS. For the purpose of operating such a line as that, we will say the Government forms a corporation under the laws of the District of Columbia and it takes 51 per cent of the stock. The rest of it is open to the public to subscribe. Now, with such a discouraging outlook for profit as we have indicated from a line of that sort, do you think private capital would be in any haste to take the remaining 49 per cent of the stock?

Secretary McADOO. I do not think so.

Mr. SAUNDERS. So it does come back, then, to what I said, that such an enterprise as that—it would be inevitable—the Government would have to operate exclusively?

Secretary McADOO. If it entered upon such a line as that, yes. But the broad assumption in your question that a line must be operated at a loss, I do not concede that. I do not think it would have to.

Mr. SAUNDERS. I just gathered that from the attitude of the whole mercantile shipping world and in the course of the shipping debates which I have heard before, that in respect to South America there was no opportunity for a profit for a single ship or line that would induce private capital to take it up.

Secretary McADOO. I do not think, Mr. Saunders, that that supposition is correct. I believe that ships can be operated profitably to South America if you get ships of an efficient type, and you will run them, of course, in connection with—

Mr. SAUNDERS. We will come back, then, to the other requirement. If there is opportunity for reasonable profit there to private capital,

there is certainly abundant capital in this country—far more than is contemplated in this bill—and why is it that private capital won't take up that enterprise, in the same hopeful spirit you have, and operate it and get these returns for itself?

Secretary McADOO. I do not know. For private capital there are many opportunities where it can be profitably employed that it does not apparently want to seize.

Mr. SAUNDERS. I thought if there was any one thing that capital was alert about it was to take hold of opportunities that offered returns; and I know at times it takes pretty big chances on getting returns.

Secretary McADOO. But you can not always convince private capital there is an opportunity. Private capital is not infallible, by any means; it does not always see the chance; it is not always enterprising.

Mr. SAUNDERS. I assume that to be true.

Secretary McADOO. But I would say this, that this board is given the power simply to operate some lines through the medium of a corporation if after investigation of the whole field it seems to be best for the commerce and for the interests of our country. Now, it may be that a line established in that manner—that is, a line in which the Government took the controlling interest in the stock—could be operated between ports in the United States and the west coast of South America profitably from the beginning. I believe myself that it can be. I think my opinion on that question is probably worth very little, but from what I have learned of conditions in South America through the Pan American Financial Congress and the facts presented to me by many eminent South American financiers and statesmen who were at that conference, I am confident such lines can be operated profitably, provided the ships are of a modern and efficient type.

Suppose it was demonstrated, after a short time, that such a line was profitable; then if the Congress decided that it was better that that line should be turned over to private capital to operate, to sell those ships or to sell the stock in this corporation, it could be done. But very frequently the actual demonstration is necessary before you can get private capital to make these ventures.

Let us look at the conditions in the Pacific to-day. Here the Pacific Mail has withdrawn its vessels. What its reasons were or what motives actuated it are immaterial to me—I am concerned only in the effects of its action. The important fact is that the commerce between the United States and the Orient is suffering for lack of transportation under the American flag. Now, suppose this shipping board was in existence to-day and had the vessels and could put some of them in the oriental trade, touching at San Francisco and Seattle, for the purpose of relieving that situation, undoubtedly those vessels could be operated at a profit, and it would greatly advantage the country if that were done.

The board will possess a power which it may exercise in aid of our commerce in such circumstances as it may feel justified in doing.

Mr. SAUNDERS. Let me suggest that I do not profess to have expert knowledge in respect to South American trade—I only have that acquaintance with it that every reasonably well-read man has—but I

take it that all up and down, at our main ports on the Atlantic coast, shrewd, long-headed, far-seeing men looking around for opportunities, if those opportunities were lying loose, so to speak, would be pretty prompt to avail themselves of them. It would not be any case of being like the man from Missouri; they would not have to be shown by the Government.

Secretary McADOO. Mr. Saunders, do you know how many long-headed, hard-fisted, far-sighted men refused to touch the telephone when it was first presented; and many other things?

Mr. SAUNDERS. Oh, yes; but that was an entirely different sort of thing. So far as that is concerned, it was a thing without any experience along that line. I also know the attitude of that same character of men toward the railroads and steam engines when they were first brought forward, and all that. But here is a thing that has been going on for years and years and centuries; and, as I have said, we have in our great ports men whose business it is in long years of active and intelligent participation in business to be acquainted with all those things.

Secretary McADOO. Permit me to give you a case in point.

Mr. SAUNDERS. You were speaking of the telephone. I can give the same interesting experiences in connection with the Burroughs adder and bond and stock brokerage companies; but those are gambling ventures.

Secretary McADOO. Let me give you one that is not a gambling proposition. The Pacific Mail withdrew its ships from the Pacific Ocean—I say for reasons that are immaterial so far as the purpose of my argument is concerned—at a time when the rates of freight were unusually high and remunerative, and the amount of freight offered was greater than it could take. The rates of freight were from three to four times as much as the normal rates; the normal rate for weight or measurement freight in the Pacific was \$5 a ton. When the Pacific Mail withdrew its ships, I know of one order of 80,000 tons of American freight for shipment to the Orient that was in the market and the manufacturers were offering to pay \$15 a ton to have it transported. I am told that Mr. Robert Dollar took 40,000 tons of that freight at \$15 a ton and that the remaining 40,000 tons were not taken for some time thereafter. I understand—although I have not been able yet to verify this part of my statement—that \$20 and possibly \$25 a ton is being offered to-day for transportation of weight or measurement freight in the Pacific. Private capital is not taking advantage of its opportunity and the Government of the United States, in the meantime, has its hands so tied that the Army transports that are leaving San Francisco once a month for the Orient can not take a pound of private freight at any price, although these transports may be empty. Now, if private capital was alert to its opportunities, I think it would certainly enter that field. It is alert to this extent, that it is buying ships to-day at fabulous prices—if it had been long headed, it would have bought them cheap long ago—and running those ships chiefly in the Atlantic where rates are higher than they are in the Pacific, although they are high enough in the Pacific to tempt anybody.

Mr. SAUNDERS. That may have been the reason; these people may have sold out in the Pacific so as to move into the Atlantic, and it

may be that those fellows were long-headed after all. But I would say this, that if they were deliberately giving up gold nuggets on the Pacific, it would be a very remarkable sort of performance they were carrying on. Of course, I do not know why those people did that at that particular time.

Secretary McADOO. The point that I would like to impress in that connection is this, that the commerce of this country and the interests of this country, and particularly the interests of the Pacific coast were seriously affected by the withdrawal of those ships from the Pacific; and the United States, the greatest and the richest nation on earth, stands here impotent to protect its own interests because it has not created any agency which could prevent such a wrong as that to the interests of the country or else take steps to supplant and restore the necessary agencies that have been withdrawn.

Mr. SAUNDERS. Of course, you are discussing a phase of the matter not comprehended in my question.

Secretary McADOO. Yes.

Mr. SAUNDERS. As I understand, all over the world to-day there are wonderful opportunities for any man who is fortunate enough to own a waiting ship; but in this bill we have in mind a return to normal times and operations under normal conditions. Now, I notice in the bill it is provided that the shipping board can sell these ships. What inducement would there be to a man to buy a ship from the shipping board?

Secretary McADOO. The inducement will be to buy a type of ship which will be so much better than anything that has ever been turned out that he will be quite glad to have it.

Mr. SAUNDERS. Does this bill contemplate, then, future construction with respect to a particular line of work?

Secretary McADOO. I think it ought to.

Mr. SAUNDERS. Then, if you are going to get ships of those types, that refers to their construction under this bill.

Secretary McADOO. I have reference to a standard type of cargo carrier or freighter which is the thing most demanded in the interest of our commerce; that type of ship which I think can be developed in the light of modern scientific discoveries will be so much superior to anything that is now afloat that it will be very much in demand.

Mr. SAUNDERS. Conceding that the Government would have ships of that type constructed and then sold them, the same yards that constructed those ships for the shipping board for the purpose of sale, could construct ships for any other intended purchasers?

Secretary McADOO. Undoubtedly; and I hope they would.

Mr. SAUNDERS. What I am trying to get at, then, is why should a purchaser purchase one of those ships from the board when he would be at a very distinct disadvantage in doing so?

Secretary McADOO. Under what disadvantage?

Mr. SAUNDERS. I know of one certainly very positive disadvantage. It is provided that these ships can be taken over in time of war at a price which would have reference to the price in normal times. Now, the average man, if you undertook to commandeer his ship in war times would not be subject to any such limitation as that; and that

certainly puts a purchaser from the shipping board at a very distinct disadvantage, having in mind the possibility that he can and would buy a ship from a different owner.

Secretary McADOO. It is my opinion that the hard-headed capitalist you refer to might say that that is a remote chance.

Mr. SAUNDERS. I am talking about the probability in time of war.

Secretary McADOO. He would probably calculate his risks, and it is probable that that may affect the price which the Government would get for the ship. But even if the Government sold the ship at a smaller price than it would otherwise get, it would be compensated in this way, it would have a type of vessel built purposely for naval requirements, of which it could repossess itself at a reasonable price in time of need.

Mr. SAUNDERS. That is the Government's end of it.

Secretary McADOO. I say the price the Government would accept for that ship, if it has to sell it at less than cost to such purchaser, would be a small price to pay for such a guaranty.

Mr. SAUNDERS. That is the Government's end of it; but I am talking about the individual who would put himself at this disadvantage, as compared with some other purchaser, and buys from the Government: there is a relative advantage to the Government, but none to the individual purchaser.

Secretary McADOO. You do not understand me. I point out the advantage to the individual purchaser, and I say he might pay a less price for the ship because he gives the Government that claim upon the vessel.

Mr. SAUNDERS. Let us see how that would work out. The Government, in contracting for their ships, with the shipyard, would of course have to buy from that yard with respect to the market for those ships, and the yard would sell to the Government just as it would to any other purchaser; so that it would get no advantage with respect to its purchases in that particular over any other purchaser in that yard. But then the individual, who intends to operate that ship in the mercantile world, as you suggest, might get that ship from the Government at less than the Government paid for it.

Secretary McADOO. That might happen.

Mr. SAUNDERS. That would be certainly indirectly aiding the individual. I do not see very much difference between that and letting the fellow own the ship and give him one or two hundred thousand dollars, or whatever it is, in cost price or by subsidy.

Secretary McADOO. I think there is a very essential difference.

Mr. SAUNDERS. In substance, I do not see the difference.

Secretary McADOO. It is this: The Government builds a vessel and builds it with reference to naval uses and naval needs.

Mr. SAUNDERS. Yes.

Secretary McADOO. If it sells that vessel, it sells it with the retention of a certain interest; that is, the right to repossess itself of the vessel.

Mr. SAUNDERS. Yes; that is true.

Secretary McADOO. Suppose it sells it for 10 per cent less than cost; the Government would be paying the individual that much for the privilege of taking it at any time at its market value; and at the same time the Government would be assured of a proper type of

naval auxiliaries; and it would not be paying any of the expenses of keeping it or maintaining it in the meantime.

Mr. SAUNDERS. All of that is true beyond the shadow of a doubt. But as I gather from the different reports of Mr. Chamberlain and others who deal with the subject, that is exactly the way the foreign Governments, in the matter of subsidy, approach their shipowners; instead of the Government undertaking to have the ship built as it wants it it says to those shipowners, "If you will have a ship of such-and-such a type constructed along the lines that I lay down and then operate it, why we will give you so much in contemplation of the fact that we may take it over when we want it," a ship that has been constructed with reference to her possible needs. So that the Government gets exactly the same practical results in that way as it would by having the ship constructed according to its notion and paying the market price for it, and then selling it to some fellow at less than it cost the Government, having in mind that it can take it back when it wants it. The results are precisely the same.

Secretary McADOO. I do not think they are. If the Government builds the ship according to specifications to meet certain specific purposes, it is more apt to get what it requires in specific types than if it simply subsidized private owners who build ships according to their own designs and liking and over which the Government has only an incidental direction. And there is another point—and I think I am correct in this statement—that those countries which have given subsidies to shipowners have confined their subsidy almost wholly to the fast type of passenger and cargo ships or express ships. They have not subsidized the ordinary cargo unit; and they have not yet produced the type of cargo unit which is anything like as efficient as can be now constructed. And the Government, in protecting its own needs and strengthening its Navy and carrying out effectively the policy of preparedness, can not only do that thing, but it can also incidentally demonstrate the value of this new type, as I said before.

Mr. SAUNDERS. All of that, of course, is prospective.

Secretary McADOO. Yes; all of that is prospective.

Mr. SAUNDERS. These other Governments have subsidies that in the main accomplish the same results in that they enable a permanent development.

Secretary McADOO. Of course, on the question of subsidy—

Mr. SAUNDERS. I am not going to get into a discussion between you and me along that line; I just wanted to bring out the essential facts in order, as I have said, to get the facts in the record, having in mind the results to be obtained and the way they were obtained, to see if the things did not come to the same end; because things being equal to the same thing—I believe in mathematics—equal each other.

The CHAIRMAN. Either one would be desirable to doing nothing.

Mr. SAUNDERS. I do not see that has any relation to the question I was propounding to Mr. McAdoo, however. But I will agree to that. This particular proposition, then, from what has been said, the insistence that is made upon the value of these particular ships for naval auxiliary purposes, contemplates chiefly the naval development side of it and the military side. Else this bill, standing by itself, this fifty millions—

Secretary McADOO. No; it contemplates both.

Mr. SAUNDERS. Oh, I know it contemplates both, but I mean—

Secretary McADOO. You can add the naval auxiliary features without any sacrifice whatever of the commercial value of the vessel; that is, by the intelligent construction of the vessel in the beginning, so that provision will be made for its probable use for naval auxiliary purposes.

Mr. SAUNDERS. I was just having in mind the very slight effect upon the commercial world that that additional \$50,000,000 of ships would produce; that really the naval auxiliary feature of it is more to be considered in this connection—I mean in the consideration of this bill—than any future considerable effect upon the merchant marine of the world.

Secretary McADOO. I agree with you so far as the actual number of vessels to be constructed is concerned, but not as to the effect of the bill generally.

Mr. SAUNDERS. This bill, I believe it is contemplated, according to the figures given us here yesterday, and I suppose you have substantially given the same, would give us something like 600,000 tons; would it?

Secretary McADOO. I do not know. It depends on types.

Mr. SAUNDERS. Wouldn't it give us about sixty 10,000-ton ships?

Secretary McADOO. That would be about \$80 a gross ton. I do not know whether the shipping board would have to pay that or not. Let us assume—

Mr. SAUNDERS. Say 500,000 tons, then.

Secretary McADOO. Let us assume that it provided 600,000 tons of vessels.

Mr. SAUNDERS. Let us say 500,000. I am not undertaking to be precise about that, because I understand you can not give the exact figure. Speaking solely of the auxiliaries, that amount of auxiliary increase is only needed in connection with the very enormous expansion of the naval side of this country in the future, is it not; it has no reference to our present Navy?

Secretary McADOO. That is what you need now.

Mr. SAUNDERS. I understood from Admiral Benson on yesterday, because I asked him on that point, and he said they were about 600,000 tons short; and I asked him whether that was with reference to present conditions or the plan that they were working out for what they conceived to be the ideal Navy for this country, and I certainly understood him to say it was in connection with the plan which was being worked out. If I am mistaken in that, of course, the record will show, but that is what I had in mind to ask him.

Secretary McADOO. Capt. Bertholf, who is here, tells me Admiral Benson's statement was that we have enough for present needs of our Navy in peace times but not in war times.

Mr. SAUNDERS. That is what I am saying.

Secretary McADOO. In peace times. But the point is this: If you are going to have naval preparedness on any such scale as is being discussed, that implies that the Navy shall be an effective fighting instrument all along the line.

Mr. SAUNDERS. Oh, yes; I am not troubled about the amount of tonnage needed for auxiliary purposes.

Secretary McADOO. I am coming to that in just a moment.

The question of constructing naval auxiliaries now is with a view to making up the deficiency in our present merchant-marine fleet for naval auxiliaries in case we had to go to war to-morrow with the Navy as it is. For instance, as I understand it, the Navy needs to-day, on the present basis, if a war should break out, 1,178,000 gross tons of naval auxiliaries, disregarding what they call the mosquito fleet. The mosquito fleet could undoubtedly be drawn from the present registry of American vessels. Of the 1,178,000 gross tons of naval auxiliaries we would need to supplement the fleet in case of war, we have only about 600,000 tons available. That would leave us about 600,000 tons short now. And if we were to build this 600,000 tons we would have what no navy on earth has to-day—a fair percentage of our required naval auxiliaries in case of war that are more efficient and better naval auxiliaries than possessed by any other nation on the face of the earth. To that extent it would strengthen our Navy more than any other navy on earth; and upon the character of your naval auxiliary may depend success in battle. The speed of the naval auxiliary fleet is an immense factor in the mobility and efficiency of the fleet; the time it takes to load and unload from the auxiliary to the battleship may be a factor of the very gravest importance in the hour of extremity. If by this means we provide a fair percentage of the naval auxiliaries required, we have a better equipped and better prepared Navy than any other navy in that respect, and therefore we advantage by it.

Mr. SAUNDERS. I just did not understand the admiral in that way, because if that had been my understanding of his answer to my question there would have been no need for me to press the question I had in mind as part of their scheme. But the question brought out, as to naval auxiliaries, the statement from the admiral that they are in contemplation with respect to great overseas expeditions and not with respect to defensive purposes along our coasts.

Secretary McADOO. You are mistaken, I think, in that.

Mr. SAUNDERS. I asked him yesterday about that, and he stated it had reference to great operations in the Atlantic and in the Orient.

Secretary McADOO. I am not a naval expert, but, speaking from what I have been told by naval experts, if the fleet remains close to our own shores for defensive purposes only you would require fewer naval auxiliaries.

Mr. SAUNDERS. That is all I am saying.

Secretary McADOO. But suppose you had to go 1,500 miles to meet an enemy and to keep him off our coasts and perhaps have a great naval battle there, so as not to endanger our coast at all; then our fleet could not go to sea without adequate naval auxiliaries. It might be necessary to take the largest fleet across the ocean.

Mr. SAUNDERS. I know they figure on that and the strength of the marine units for defense; I think it is an amplification of what Gen. Washington calls a "superposture auxiliary defense." I believe that is the way he put it. You spoke of the Spanish War and of some purchases made at that time, and then those ships were sold for 20 per cent of their value?

Secretary McADOO. Twenty per cent of their cost, I said.

Mr. SAUNDERS. I mean 20 per cent of their cost. All that that comes to is just that those people who were purchasing those ships used pretty bad judgment. If this board were created here, and they did not do any better and did not use any better judgment than those people did in the Spanish-American War, we might again have to sell at 20 per cent of the cost.

Secretary McADOO. The difference is this, Mr. Saunders: If you built those vessels we would have at least 40 to 50 per cent—say 40 per cent—of the total amount of naval auxiliaries required that we can immediately put our hands on and which are effective ships for the purpose. We have at least assured our safety to that extent and can take the chance of impressing out of the merchant marine the remaining 60 per cent; and to the extent of the 40 per cent we are that much better off than if we relied wholly upon the merchant marine for all of those auxiliaries. We have not enough vessels in the merchant marine, anyway, to supply all that we need.

Mr. SAUNDERS. I think you said, and I think on that we are all agreed, that the ships in the market to-day are pretty high. If this bill becomes law and whatever is left of the \$50,000,000 investment is put into the purchase of ships at the present figure, you would get much less than 60 ships, would you not, at the present figure?

Secretary McADOO. You speak of the number of ships; that depends, of course, on the type and size.

Mr. SAUNDERS. It was given us yesterday. Either I or some member of the committee asked Admiral Benson about what this \$50,000,000 would buy, and he went ahead and spoke of certain tonnage, and, if my recollection is correct, he said about 60.

Secretary McADOO. I do not think it would be necessary for this board—I think, if the board exercised judgment, it would not place orders for all of those ships instantly.

Mr. SAUNDERS. Then, so far as the present emergency is concerned, this would not help very much, if they used judgment in placing orders for the purchase of the ships?

Secretary McADOO. It is going to take, of course, some time to build those vessels. Mr. Saunders.

Mr. SAUNDERS. That is all I want to develop in that connection.

Secretary McADOO. That gets back to what I said in the beginning, viz: that by the failure to act in September, 1914, just after the European war broke out, when we could have supplied ourselves with a large number of merchant vessels at bargain prices which would have been suitable in large part for naval auxiliaries and were imperatively needed for our commerce, we lost our opportunity to meet the emergency and are suffering from that to-day.

Mr. SAUNDERS. I agree with you; if we had passed a bill to buy a whole lot of ships for investment at that time we would have been forehanded people. But that was not proposed—to go in the market and buy ships because of the reason that ships were down and were being offered at bargain prices.

Secretary McADOO. It was argued very strongly. Let me just continue that point a moment. I say we lost the opportunity to deal with the emergency and it has had a deplorable effect upon the country; the disaster to our commerce has been greater than any man in this room imagines, and I think it can be shown by any sort

of an investigation of the shipping situation in the country to-day and by the men engaged in this sort of commerce. Now, here is the situation: We are confronted with unknown seas, uncharted seas for the future while this great war is going on. Are you going to sit still, without making any effort to meet these conditions and protect our interests? We must make a beginning, because we can not build the structure until we lay the foundation. All we can hope to do, if we pass this legislation now, is to organize the powers of the United States, to mobilize them for this phase of preparedness, with a view to meeting conditions as they develop, as fast as it is possible for us to meet them in the circumstances.

Mr. SAUNDERS. I just want to bring out that idea, that this is not an emergency proposition and does not meet any present emergency.

Secretary McADOO. It might enable us to meet a future emergency, and many of them.

Mr. SAUNDERS. That is all I want to develop, that fact, and to get it in the record.

With respect to the purchase of ships, as I said, if any proposition had been put up to Congress at any time, at the time you speak of, that here is a great opportunity for Congress to take fifty million or one hundred million and go out and, just as an investment proposition, buy an immense number of ships at a great advantage, I certainly never heard of it, but I do not think there would have been any opposition in Congress to such a proposition as that. But as the bill went along the price of the ships continued rising all of the time, and if we had passed this bill during the last session of Congress or at the time you speak of, when everything was all to pieces and nobody knew what was going to happen and a fellow with money had a chance to pick up bargains and all that sort of thing—if we had passed this bill at the last session of Congress that only called for forty millions, or ten millions out of the Treasury and thirty millions of bonds, by the time you got into operation it would certainly have been some time in March or April and ships were away up yonder then, and I imagine they were about as high then as they are now.

Secretary McADOO. Mr. Saunders, let me say that I argued that proposition with many gentlemen who discussed it with me until I was blue in the face, and, while I do not say every man in Congress knew about the conditions, at the same time it was discussed very thoroughly on the floor of Congress. We could have bought splendid merchant vessels at from \$40 to \$60 per gross ton while these discussions were going on in Congress. They are worth \$100 to \$200 per gross ton to-day.

Mr. SAUNDERS. I am speaking of a concrete proposition put up to us. Now, here is a chance to buy a lot of bargain ships if you will just appropriate the money to buy them and do not bother about what you are going to do with them; just appropriate the money to buy now—I say that kind of a concrete proposition was never discussed at the time you speak of. In the course of consideration of the bill it was suggested there were ships we could purchase, and I heard of that line you speak of and then it was denied through the papers that there were any ships for sale and all of that sort of thing. But now in March and April of last year, have you any figures to show the relative price of ships as of that date as against the prices now?

Secretary McADOO. March of 1915?

Mr. SAUNDERS. Yes.

Secretary McADOO. Yes; I think I can supply those, and, with your permission, I will put in the record whatever I can find on that. [Exhibit No. 11.]

Mr. SAUNDERS. Yes; and could you show the type of ship you might choose—say the ordinary freighter. You can get the figures on an ordinary freighter, say, of 10,000 tons, and give them to us as of March or April, 1915, and then what the same freighter would cost at the present time.

Secretary McADOO. Yes; I will put that in the record.

Mr. SAUNDERS. I believe that is all, Mr. Secretary.

Secretary McADOO. Let me say this in that connection. When this war broke out various emergency measures were imperatively required immediately to protect the interests of this country. Among them were these: An amendment to the national-bank act which made it possible for national banks to get emergency currency, even though such national banks did not have, as required by law at that time, 40 per cent of their capital in circulation in national-bank notes secured by Government bonds. Many of the banks were ineligible to the benefits of the emergency provisions of the Aldrich-Vreeland Act, as amended by the Federal reserve act, because they did not have sufficient outstanding circulation to enable them to take advantage of its provisions.

And now I want to call your attention to certain rather remarkable things that happened at that time; and in saying this I am casting reflections on no one. I am only telling you how a thing can go when everybody is for it and no selfish interest is affected, and how difficult it is to make progress when somebody whose selfish interest is affected gets in the way of the real needs of the people of the country. In 24 hours Congress passed the amendment which removed all restrictions and gave every national bank in the country an opportunity to get emergency currency, whether they had outstanding circulation secured by Government bonds or not. Now, that was a wise provision, an essential thing to do, and it was done.

Mr. SAUNDERS. That was so plainly right and so plainly an emergency proposition, and presented as such that there was not a dissenting voice.

Secretary McADOO. No doubt. Now let us assume that some of the big banks had come down here and opposed that measure for their benefit and not for the benefit of the people; do you think it would have gone through in 24 hours?

Mr. SAUNDERS. Of course, it did not affect the bankers.

Secretary McADOO. It affected them favorably.

Mr. SAUNDERS. Everybody at once saw the advantage of that and it was presented as an emergency proposition.

Secretary McADOO. All right; I will call your attention to another thing. Here was war-risk insurance. War-risk insurance did not affect any insurance company's interests adversely, because the insurance companies had very little money invested in war-risk insurance, but it did help the shipowners of the country. And before that bill passed every one of them got behind it and the result was

that there was no opposition to the bill and it immediately went through.

Mr. SAUNDERS. I think you entirely misapprehend the situation. I never heard any shipowners—and I know all about those things you speak of—coming down here and getting behind this bill.

Secretary McADOO. I do not misunderstand you and I hope no one will misunderstand me. I am only trying to make clear how two propositions of inherent value can be put forward quickly when everybody comes forward to aid and no selfish interest is antagonized. It is merely cooperation. The same thing happened with respect to the ship registry bill.

Mr. SAUNDERS. Yes; I know all about that.

Secretary McADOO. Exactly. But when it was proposed to have the Government buy a lot of vessels, then, of course, we had a terrible struggle, because every large and selfish interest which is affected by it opposed it and has put every possible impediment in the way of it.

Mr. SAUNDERS. You have stated two emergency propositions, and I agree with you fully on them, but—

Secretary McADOO. The point I am trying to make clear is this: Here was an emergency just as great with respect to our commerce as the financial emergency of which I spoke; a far greater emergency with respect to our commerce than war-risk insurance; a far greater emergency with respect to our commerce than the ship registry bill; and everybody got behind those three measures, recognized the emergency and dealt with it. But you could not make it clear to a large element in this country—and I am not speaking of Congress; I am speaking of the shipowners—that the commerce of this country also demanded, in addition to those measures, and the true interests of the American people demanded, that these ships should be bought when we had the opportunity to get them. The result is we have had a controverted point ever since, and no ships, and that is the reason why it has been difficult, Mr. Saunders, to make Congress and many other people see that a great emergency in respect of ships to carry on commerce needed to be dealt with just as quickly and effectively as the other emergencies relating to national-bank circulation, war-risk insurance, and registry of ships were quickly and effectively handled.

Mr. SAUNDERS. You have put in the record your view in respect to that and citing those situations as analogies. But "facts are facts," and they never could be anything like analogous to this situation. Those things were always clearly emergency propositions, presented as emergency propositions, designed to operate and which were justified as emergency propositions; but there never was, to my knowledge, a single flat-footed proposition such as I have indicated presented to us that here is a chance now for us to go out and buy a whole lot of ships as an emergency proposition without any reference to changing the policy of the Government as to Government operation and Government ownership, or anything of that sort, but here is your chance, at bargain prices, to get a whole lot of ships at a profit. If that proposition had been presented, I do not believe there would have been a dissenting voice in the House of Representatives; I never heard anybody objecting to an emergency proposition.

Mr. GOODWIN. I would like to ask the Secretary if he ever knew of any President of the United States or any Cabinet officer suggesting to Congress that "Now is your opportunity to buy a bargain". Does not the President of the United States and do not all Cabinet officers stress and emphasize great economic measures of importance to the American people? To make the illustration still stronger, would the President of the United States or the Secretary of the Treasury or any other Cabinet officer attempt to suggest "Now is a good time to buy United States Steel," or Bethlehem Steel, or to buy cotton futures, or to buy grain?

Mr. GREENE. Or to buy a bale of cotton.

Mr. GOODWIN. Yes; for the reason you can make some money, and you can make a profit thereby. Aren't all of these propositions presented to Congress not from the standpoint of speculation but more from the economic standpoint, to further the interests of the whole people?

Secretary McADOO. Absolutely. The question was not whether you could buy ships at bargain prices; it was a vital economic question and still is.

Mr. SAUNDERS. I do not think the Secretary misunderstood the way I put it, and I do not imagine any other gentleman in the room misunderstood the way I put it. I put it in a homely way, because that is really the heart of this whole matter. I did not say the President should come down here and address Congress and say here is a chance to buy a whole lot of ships and this is the time to jump right in and do it. I put it in a homely way; and I say it never was suggested to us, "Now by reason of the conditions of the world, here is an emergency and here is our opportunity to buy a merchant fleet at a very great advantage by reason of those disastrous conditions." I will put it that way, if my friend from Arkansas prefers: but I do not think it advances matters any.

The CHAIRMAN. Judge, I would not like you to bind me by your statement.

Mr. SAUNDERS. In what way?

The CHAIRMAN. That there was not an opportunity to buy ships at reasonable prices to meet this emergency, because I think there was; and I think the Secretary of the Treasury had made it plain in his statement before this committee.

Mr. BURKE. As I understood, they were putting up the bill for that purpose on the floor of the House. They said we wanted to pass the bill in 1914 for the purpose of buying those interned ships; they charged us with that on the floor of the House.

Mr. SAUNDERS. The Secretary is not referring to interned ships. Now, do not let us interpolate into this matter outside considerations like that.

The CHAIRMAN. As I understand the Secretary, he says the emergency is just as great as it was then for the Government to go into the insurance business, and the Government went into the insurance business at the instance of the very people who afterwards antagonized the bill to provide for the purchase of ships. Now, the emergency is just as great and as difficult to meet, and yet the bill is antagonized by the same interests in this country. In the other instance they did not antagonize us because we do not have any war-risk insurance companies in this country.

Secretary McAdoo. Yes. Please do not misunderstand me or think that I am reflecting on anybody; I am just telling you why those impediments were put in the way of one great emergency measure because it conflicted with private shipping interests.

Mr. SAUNDERS. I am not reflecting on anybody; I am just talking about those conditions. You spoke of the opportunity to purchase existing at that time, and I say nobody put it up to us, as far as I have any recollection, as a distinct emergency proposition. I am through.

The CHAIRMAN. I do not suppose we would have bought ships just because they could have been gotten at bargain-counter prices, just because they were cheap, without any use for them; but it was a matter of common information, then, that foreign ships could be bought at not to exceed \$35 a ton, to meet this emergency.

Secretary McAdoo. Let me say that the sole purpose of the bill presented in September, 1914, was to enable the Government to meet a very grave crisis in a very great emergency regardless of the price of the vessels at that time. No special emphasis, as Judge Saunders says, was laid upon the fact that you could buy vessels cheap. Whether they could be bought as a great speculation, or not, was not material, because the paramount object was to protect the vital interests and commerce of this country, and that was the inspiration and purpose of the bill.

I think, Mr. Chairman, that you will find in the testimony I gave before this committee in September, 1914, or about that date—I have forgotten the exact date of the hearing—that I referred to the emergency confronting the country and said that it must be dealt with “in double-fisted fashion,” and it did require just that sort of treatment. It was an emergency that needed to be met, whether vessels could be bought at very low prices or not. As a matter of fact, the reason the prices of vessels then look so reasonable now is because prices have since gone so high. I do not think anybody realized at that time that the price of vessels was particularly low; the thing that was stressed was the emergency and the necessity for dealing with it immediately.

Mr. SAUNDERS. I will just say this in respect to myself, that if a proposition was put up at that time as you put it up to me to-day, that here is an opportunity for the Government in the interest of commerce to buy a large merchant marine at very desirable figures and turn it over to American shipowners, to sell to them to be utilized for American commerce, that proposition would certainly have had an ardent supporter in me.

Mr. BYRNES. In response to a question of Judge Saunders, as to the inducements offered to a man who leased from the Government or purchased from the Government, instead of from an individual owner, you stated that the only advantage you could think of was the reduced interest rate the Government could secure by reason of its superior credit. Do you not think there would also be this advantage, that the individual owner, in fixing the amount of his rental or of his selling price, would take into consideration the profit that he would demand, and that that profit would be certainly greater than any profit that might be demanded by the Government in either leasing or selling?

Secretary McADOO. Yes; that is an element, of course. I was speaking only of the operator who took the ship and kept it and did not transfer it. Of course he would have a chance, if he leased a ship from the Government, to recharter and to capitalize the difference in the rate of interest.

Mr. BYRNES. I do not think you quite caught my point. What Judge Saunders was asking you was what inducement would be offered an individual, in the first instance, to make a lease from this proposed shipping board of a vessel instead of going to an individual. He was discussing it from the standpoint of the prospective purchaser and of what inducement he would have to go to your shipping board instead of going to an individual, and in enumerating he went on talking of depreciation and insurance. You then said that the advantage the shipping board would have to offer to him would be the reduced rate of interest the Government could secure on the capital invested. But do you not also think, in addition to that inducement, that the Government would have this advantage, that it probably would not demand of that prospective purchaser or lessee a profit as great as that which would be demanded by the individual?

Secretary McADOO. Yes; that is undoubtedly an element.

Mr. BYRNES. And also, from the standpoint of the individual, he asked you this: If it would not be a disadvantage for an individual to lease from the shipping board, for this reason: That under this section of the act—section 4—in case of war the vessel could be taken over by the Government and the individual would be paid only the fair actual value in normal times; whereas another owner, who did not lease or purchase from the shipping board, would likely receive a high price. Do you think that the shipping board, having at heart the perfection of this system, would be likely to pay any rival at the fair market value and to pay a man who had leased or purchased from the shipping board a sum less than that which it paid to other owners of vessels in this country?

Secretary McADOO. No; of course not.

Mr. BYRNES. Would it not be bound to, Mr. Secretary?

Secretary McADOO. Not by design. I do not think they would wantonly do it or just because they wanted to; but they might pay less for the simple reason that they have a right to establish the value of that vessel, because they sold it, and that was a part of the consideration of the sale, whereas with the ordinary vessel they would not have any such right.

Mr. BYRNES. And, Mr. Secretary, that is what I am coming to. The shipping board would have the right to fix that value?

Secretary McADOO. Yes.

Mr. BYRNES. Now, I am asking you whether you think the shipping board, in exercising its power to fix the value, would discriminate against that vessel simply because it did have that power, and to give the owner of that vessel less than the owner of a vessel who did not purchase from the shipping board?

Secretary McADOO. I can not answer the question as you put it, Mr. Byrnes, for this reason: The board has the power to fix the price of the vessel in case it is sold by it; but it has not the right to fix the price of a vessel sold by anybody else.

Mr. BYRNES. But can you fix that price at less than that you were paying for other boats?

Secretary McADOO. We might have to pay more for other boats because we could not determine their value; that is all I am bringing out. There is this to be said though, as to the reason why a man would buy a boat from the shipping board in preference to buying from somebody else and probably paying a larger price for it. He could afford, perhaps, to pay a higher price in order to get immediate possession of the vessel, which the board could undoubtedly turn over to him, whereas he would have to wait to have it constructed. To that extent the board would be in a position, at times, to get a better price for its vessel than would otherwise be the case.

Mr. BYRNES. Do you not think in time of war the Government would have certain rights, for instance, the right of condemnation. I know it could not do so now if they purchased.

Secretary McADOO. I think Congress could undoubtedly pass such a law; but then the process of condemnation would require a very long time, and it could apply only to American vessels.

Mr. SAUNDERS. I did not say disadvantages to the Government, because it will have advantages to the Government.

Mr. BYRNES. I understand what the judge's contention was. Would you not say, Mr. Secretary, that any shipping board in condemning a boat would certainly take into consideration the prices established at that time which it was paying to other owners?

Secretary McADOO. No; the bill says "with reference to the price in normal times."

Mr. SAUNDERS. If they did that, they would be flying right in the face of the provisions in the bill, provisions put in here to protect the Government being imposed upon in abnormal times.

Secretary McADOO. I think, gentlemen, a great deal of this discussion, if you will excuse me for saying so, as to the probability or possibility, is academic; because, after all, we are bound to assume that a board of five men, patriotic men, who have any sort of decent regard for the responsibilities of their office, would unquestionably weigh all of those matters carefully and act with some degree of justice, wisdom, and intelligence. I think it stands to reason that the board would, in those circumstances, weigh the situation very carefully, treat each case upon its merits, and do what would be manifestly for the best interests of the country.

Mr. BURKE. Supposing, Mr. Secretary, that the present European war could be brought to a close within the next year, or about a year, what, in your opinion, are the prospects of then obtaining, by purchase, at a reasonable price, vessels to be controlled by the shipping board?

Secretary McADOO. I think, undoubtedly, if the board wanted to buy anything that is in the market, it could, at that time buy ships at lower prices than it could buy them now.

Mr. BURKE. Then do you think this is about the right time to pass such a bill as this?

Secretary McADOO. And get ready for it?

Mr. BURKE. Yes.

Secretary McADOO. I think it is a good time to get ready for the conditions we have to face in the future, no matter what they may be.

But there is this to be said about it: You take the steamships of the world that are in operation to-day; they are nearly all of a more or less obsolete type. Many of the vessels afloat to-day are just as obsolete as the mule-drawn vehicle is compared with the automobile. They are being subjected to service during these times when tonnage is so much in demand, where their upkeep is nothing like as efficient or as ample as it ought to be, and therefore the depreciation of the vessels is far greater than it would be in normal times.

The Government of the United States and the people of the United States, it seems to me, have one great advantage at this time. Our error in not having built a merchant marine in the past turns out, paradoxical as it may seem, to be to our advantage in the present peculiar circumstances, because we can now build a new type of modern vessel, and, on the basis of starting anew, create a merchant marine that will be more efficient than that which any other nation on earth possesses. We have not got to scrap all the old stuff, as the other nations of the earth will have to do before they start on a new and modern basis. I think this bill, if it is passed, will not only consolidate ample powers in a board to be utilized effectively for the benefit of the American people in demonstrating the practical and economical methods of building up a merchant marine composed of vessels of modern types, but it will enable the United States to get such a start in the mobilization of a fleet of efficient vessels of up-to-date construction that it will be years before any other nation can catch up with us in the contest for the trade of the world.

Mr. CURRY. I have one or two questions to ask the Secretary, and I wish to say that I am not approaching this matter from a partisan standpoint.

I would like to know, Mr. Secretary, if this bill is intended as a temporary emergency measure or whether it is intended to provide the machinery for a permanent entering into the merchant-marine business by the Government?

Secretary McADOO. I think, so far as my view of the bill is concerned, that it does not put the Government into the merchant-marine business at all, either temporarily or permanently. The Government does not go into the merchant-marine business under this bill. What the Government does is to authorize this board to construct and purchase a reasonable amount of naval auxiliaries for the essential needs of the Navy of the United States and as an essential part of the preparedness program. In order that these ships may not lie idle and rot in our harbors, and, while lying idle, prevent the creation of the essential naval-reserve personnel which we must have if we are to have a naval reserve at all, the board is given the power to do three things: First, to lease these vessels to American citizens; second, sell them to American citizens, reserving the right to recall them in case of need for naval or military uses and under conditions which make it certain that we can put our hands on them instantly and have efficient naval auxiliaries; and, third, if they can not either sell or lease them advantageously, then the United States can take stock in a corporation which will put into operation some of these ships for the benefit of the commerce of the United States. The fear that there may be Government ownership and operation on a large scale, so far as this bill is concerned, is answered

by the objection made by some of the opponents of the bill, viz, that we provide so little tonnage that it can not be of much service in any case. The answer to that is threefold: First, if that is true there can be no reasonable fear of Government competition; second, an amount of tonnage will be provided that will be of advantage to the Navy if war ever overtakes the country; and, third, enough tonnage will be created to contribute materially to the needs of this country without in any way interfering with the legitimate opportunity for private capital on the high seas.

Mr. CURRY. Do you imagine or do you think that Congress will at any time be called upon to appropriate more than \$50,000,000 for this purpose?

Secretary McADOO. I do not know. I do not see any need for it, unless you create such a big navy that at some time in the future you might require additional auxiliaries for an enlarged navy.

Mr. CURRY. Have you any assurance that private capital will take this minority stock?

Secretary McADOO. I have not; and I think it is unlikely that private capital will take the minority stock. I do not think that that is an essential provision of the bill. The only reason for that provision is to meet the objection some people have made in discussing the matter with me, that "You ought not to refuse to give private capital an opportunity of joining with the Government in this undertaking." My own idea is that private capital will not join in the undertaking. I think that private capital ought not even to be asked to join the Government in constructing these essential naval auxiliaries; that the Government can afford to do that alone and does not need any assistance.

Mr. CURRY. Then, in the event this bill is passed, the Government has \$50,000,000 which they can invest in the construction of these ships in American yards. They will be constructed here, because they could not construct them abroad, and they could not buy with present conditions. Now, the Government will very likely not be able to sell them or to lease them, and then they must run them; and the Government, notwithstanding the fact that it operates through a private corporation, still owns the stock and is directly responsible for the losses and will share the profits. And if this \$50,000,000 is not enough, after the Government has gone into the business and makes it unprofitable for private enterprise to carry on the business, do you not think, under those conditions, that the Government would come back to Congress and ask Congress for further appropriation?

Secretary McADOO. Of course, Mr. Curry, a man may use his imagination and conceive any kind of condition, and I do not know. But I must say I would prefer to look at it this way, because I think it is the more reasonable play of the imagination. As a result of the great destruction of steamship tonnage by the war, the demand for additional tonnage undoubtedly is going to be very great after the war is ended; and if the commerce of the United States is going to be increased, and certainly as an economic fact it is going to be, then this Government can not afford to sit quietly and refuse to provide, even in some small measure, these instrumentalities of commerce that are essential to the protection and expansion of our foreign trade.

Mr. CURRY. I recognize that.

Secretary McADOO. I believe that for many years to come there will be no difficulty whatever in this shipping board leasing and selling ships upon terms advantageous to the Government, because of conditions in the shipping world. I believe also that if the Government of the United States should have to take stock in a corporation which will operate some of these ships to South America and the Orient, for the protection of the commerce of the United States, they can be operated profitably for many years to come.

And I would like to call attention to this fact, which has not been put into the record up to this time: Congress appropriated \$50,000 for holding the Pan American Financial Congress in May, 1915. Eighteen of the Latin-American Governments sent delegates to that congress. Some of them were represented by business men and bankers, some by their ministers of finance, and all of them by men of the most distinguished character and standing in their respective countries. As a result of that conference—I have a printed volume of the proceedings here, so that you can see that a great deal of work was done; that is, from the looks of the volume [exhibiting book]—it was the unanimous opinion of the delegates of these South and Central American Governments and of the delegates of the United States, which was represented by prominent business men and financiers, that improved ocean transportation facilities were a "vital and imperative necessity." The conference unanimously passed this resolution:

Resolved, That it is the sense of this conference that improved ocean transportation facilities between the countries composing the Pan American Union have become a vital and imperative necessity—

The Government of the United States is a member of the Pan American Union—

* * * and that every effort should be made to secure, at the earliest possible moment, such improved means of ocean transportation, since it is of primary importance to the extension of trade and commerce and improved financial relations between the Pan American Republics.

If I should read you a list of the important business men and financiers of America, members of different parties, who attended that conference and who voted for the adoption of that resolution, you would realize, gentlemen, that the best thought of the country—I mean the best thought of the financiers and business men of the country—agreed as to the importance of this problem.

Now, due to a lack of ships, particularly to Chile and Peru at the moment, the prosperity of those countries is seriously menaced. Take the nitrate trade alone, in which this country is vitally interested—we get our nitrates very largely from Chile—ocean freight rates have advanced to an extortionate point to the injury of the business of Chile and the United States because of meager steamship facilities.

As an illustration of conditions in Peru, I quote from a letter recently received by Dr. L. S. Rowe, secretary general of the Pan American Financial Conference, from Dr. Felipe Pardo, former minister of Peru to the United States and brother of the present President of Peru:

We need now, before anything else, transportation and financial aid. Our exports are in the ports, and our creditors are asking debts which we have no way of paying. We need ships and loans.

In this connection attention is also called to the following press notice officially issued by the State Department February 11, 1916:

The Department of State receives reports from many quarters relative to the existing shortage of ocean-going tonnage to move freight from and to the United States.

It appears from a recent dispatch received from the American Embassy at Santiago, Chile, that ocean freight rates on the west coast of South America have attained almost prohibitive figures. This shortage threatens a severe crisis in the Chilean nitrate industry, and its effect upon the Chilean wheat-exporting interests is most adverse. This year's wheat crop in Chile has been exceptionally good and the foreign demand for nitrate is heavy.

The American consul general at Auckland, New Zealand, reports that trade between New Zealand and the United States is seriously handicapped by lack of shipping accommodations.

The consul general considers it necessary, in order that American exporters may compete for business in New Zealand on equal terms with the exporters of other countries, that American interests establish at least one first-class steamship line under the American flag which would maintain a regular service to ports in New Zealand and Australasia from New York through the Panama Canal and from San Francisco.

Reports from the American consulate at Aden, Arabia, reveal a severe shortage in shipping tonnage from that quarter of the globe. In order to obtain cargo space on the steamers of the British India Steam Navigation Co. it is necessary to pay the rate from Calcutta, and even then it is difficult to obtain accommodations for large cargoes. The Italian steamers sailing from Mombasa and other ports on the east coast of Africa have recently increased their rates and can still accommodate only a part of the freight offered.

The conditions on the east coast of South America are not so bad, but they are bad enough.

Now, it is of course impossible, even if this bill should be passed quickly, to do anything at the moment that would immediately relieve those conditions or that would have very much influence upon them; but I mention them to show you the urgent need for these facilities and that the business is there to be had if we were in position to take it.

Then there is another thing: At the outbreak of the European war statistics showed that the trade of South America with the world aggregated something like \$700,000,000 per annum. Of that, the central European powers had approximately \$200,000,000, all of which has been lost to them since they lost command of the seas. Great Britain had a very much greater proportion of the trade. I will insert the exact figures in the record a little later. The United States had something like \$166,000,000 only of that trade, although we are nearer in distance and we are better able to furnish what those countries want than are the European countries. Nevertheless, we have had less of that trade than our leading European rivals.

Now, those South American countries are crying to have us take that trade; they are suffering for the lack of many of the things they have been buying from Europe. I could cite, if I had the time to enumerate them, many of our manufactured products which they want and which they require, but which they can not get, simply because we have not the ocean-going facilities for delivering them.

Gentlemen, what is our condition? Do we want simply to sit here provincially in the face of the most magnificent opportunities that have ever been offered to this country, or to any country in the world, and take no steps because we are afraid that we may move by taking a step, or are we going to act promptly and vigorously like statesmen and like a nation which is alive to its obligations

and its opportunities and is willing to do something which will unite the nations of the Western Hemisphere into a great economic force and increase their potentiality for maintaining the peace of the world? Shall we sit here and do nothing to take advantage of these opportunities as we have up to the present time, or shall we go forward using the great powers of this great Government to enable us not only to do the things imperatively demanded in our own interest but in the interest of the people of Central and South America, who have been sorely hurt by the great war and whose future progress and prosperity depend in large measure upon our enlightened action?

Mr. CURRY. Private capital, Mr. Secretary, is investing in an American merchant marine just as rapidly as it can and private capital has given orders for ships to the shipyards for from two to five years ahead. The shipyards in the East, in the United States, are working overtime and they have orders for ships that will take from two to five years to turn out. That shows that the American business man knows an opportunity when he sees it and that he is taking advantage of it to the best of his ability. He can not buy abroad and he must build at home, and they are building just as rapidly as they can. Now, do you not think the enactment of this law would discourage private capital from investing in the shipping business?

Secretary McAdoo. I can not see that it would. I can not see that it would, by any possibility. Only a small amount of tonnage is being provided under this bill, and that is provided primarily as essential naval auxiliary tonnage; and if private capital to-day can afford to take the risk of buying ships with this bill impending and with the enormous prices that are now being paid for ships, then how is it any danger? The risks do not seem to be so great, either the possible passage of this bill or the high prices they pay for ships, as to deter private capital, according to your statement, from entering this field. The whole purpose of this bill is, and I believe its certain effect will be, to encourage private capital and to protect private capital that may be invested in the shipping business.

Mr. CURRY. \$50,000,000 provided in this bill does not amount to anything; it is only the policy. If the Government is going to lay down the policy that it is going into the commercial shipping business, of course private capital would be foolish to engage in the shipping business.

Secretary McAdoo. Then why go into it now when this bill is pending?

Mr. CURRY. Of course it has not passed yet.

Secretary McAdoo. That is true.

Mr. CURRY. On another line of matters that you have been discussing: The only interest that Great Britain has in the Suez Canal is a majority stock interest in a private corporation. Now, an assault or attack on the Suez Canal is considered by Great Britain and by the world as an assault on sovereignty as well as an assault on property. Yesterday Admiral Benson was asked the question by me and by Judge Saunders whether, in his opinion, one of the ships provided for in this bill, in the event it should become a law, was picked up by a belligerent and taken into a prize court, would it be considered in the light of an unfriendly act and would be more likely to cause

diplomatic complications between our Government and the Government which took the ship into the prize court, than it would if they had picked up a ship of a private individual. He said that it was a very delicate question of international law, and I am inclined to agree with him. The only trained diplomats that we have in the United States are our naval officers; they are trained in diplomacy. When on board ship and when abroad they represent the Government of the United States and they must understand international law and diplomacy. It would be my opinion that possibly there would be a little more danger of having trouble if one of these ships is taken into a prize court than it would be, for instance, if your ship was taken into a prize court.

Secretary McADOO. Your question implies, Mr. Curry, that a wrong done to the flag of the United States would involve more danger, if the owner of the vessel was a corporation in which the United States owned a controlling stock interest, than if the wrong was done to the same flag floating over a ship owned by a private citizen. There is absolutely no difference in the two cases. It is not a question of who owns the vessel, it is the affront to the flag or the wrong to the flag that the Government of the United States must redress, and it does not make any difference whether a citizen owns the ship, and the question arises through that channel, or whether a corporation in which the Government is the majority or sole stockholder is the owner of the ship.

Now, I would, of course, take Admiral Benson's opinion on any question relating to the Navy or the construction of naval vessels and on things that relate to his profession; but if I wanted to get an opinion on international law I should hardly go to an officer of the Navy unless it was the Judge Advocate General of Navy, or some one whose business it is to know what the international law is. I think that if Admiral Benson had read this provision in the bill he never would have stated that even a delicate question could arise.

The CHAIRMAN. I think, Mr. Secretary, he said it might arise; but I think he disqualified himself from speaking as an expert.

Secretary McADOO. It might; but I think if he had read this provision in the bill he would have said at once that no such question could arise. That is section 6, and I should like to repeat, Mr. Curry, that provision:

That all vessels purchased, chartered, or leased from the board, as herein provided, shall be registered or enrolled under the laws of the United States as vessels of the United States, and entitled to the benefits and privileges appertaining to vessels of the United States, and shall, when and while employed solely as merchant vessels, be in all respects subject to all laws, regulations, and liabilities governing merchant vessels—

That is international law as well as our own law—

* * * whether the United States be interested therein as owner, in whole or in part, or shall have or hold any mortgage, lien, or other interest therein.

The object of that provision is to divest this corporation, because of the Government's interest in it, of any possible attribute of sovereignty. The seizure of a ship owned by such a corporation would imperil us no more because of Government's interest therein than if the issue arose out of the seizure of a ship owned by a private citizen of the United States.

Mr. CURRY. There have been a number of merchant ships taken into prize courts since the beginning of this war and those matters have not been settled yet to the satisfaction of the country; and of course if they had been owned by the United States there might have been a little more trouble about it. That is my thought.

Secretary McAdoo. I can not see it, because if the United States or any other Government operates a vessel in commerce as a merchant vessel, she is absolutely under the same rules of international law as though operated by an individual. Of course, if it is a naval vessel that is another proposition and different rules govern.

Mr. CURRY. Do you suppose the American people would not feel it was more of an offense if they picked up a ship of a Government-owned corporation than if they picked up my ship?

Secretary McAdoo. I do not see why they would. I think we are all just as zealous to protect the flag and to uphold the honor of the country, no matter through what channel it may be challenged, and I can not see that we would be any more threatened because some nation——

Mr. CURRY. The American people might say that an individual was carrying something in his ship that he ought not to take from a port in the United States, but if on board of a Government ship it would be a different proposition.

Secretary McAdoo. Of course, there is a very wide field for fancy there, but I think, Mr. Curry, it would be very easy to satisfy ourselves on questions of international law by calling experts in international law.

Mr. CURRY. The Pacific Mail was referred to by you. The Pacific Mail was transferred for two reasons: One reason was that railroad-owned steamships could not go through the Panama Canal, and the other reason was that Mr. Schwerin, for a good many years, had been trying to dispose of the Pacific Mail.

Secretary McAdoo. That was my understanding.

Mr. CURRY. A good many years ago he made an arrangement to sell the Pacific Mail to a Japanese line which runs to San Francisco, and Mr. Schwerin presented the proposition to Mr. Harriman and Mr. Harriman said, "I won't do it; I am too good an American. If I sell the Pacific Mail to the Japanese to-day, Jim Hill would sell his to-morrow, and the result would be that the American flag would probably be eliminated from the merchant marine of the Pacific, and that will never happen during my lifetime." That was a good many years before the European war and before Mr. Schwerin sold the ships, and Mr. Harriman was dead when they were sold. They are still under the American flag. They were transferred from the Pacific to the Atlantic because there is more profit at present in that trade.

Mr. GOODWIN. This bill has evoked some criticism by its opponents for the alleged reason that the \$50,000,000 provided for in the bill for the purchase, construction, and chartering of ships would prove to be inadequate and will be but a small segment of what we hope to be the complete circle of an adequate auxiliary to the Navy or in the upbuilding of a great merchant marine. Now, is it not a fact that the \$50,000,000, as provided for in the bill, may be used not only for the purchase and construction of ships, but when those ships are

sold the proceeds arising from those sales may be again used in the construction and purchase and sale of ships, and again, and again, and again, until the auxiliary to the Navy or the merchant marine is an adequate auxiliary or an adequate merchant marine?

Secretary McAdoo. I do not think so; but I should have to read the provisions of the bill to answer your question definitely.

Mr. THURMAN. That is not provided for in the bill now.

The CHAIRMAN. I have an amendment to offer providing for the reinvestment of funds, but that is not contained in the bill now.

Mr. GOODWIN. That was the final scope, I thought, of the bill, that in its finality the funds from these sales, when made, could be reinvested as the emergencies arose, not only to supply auxiliaries to the Navy, but likewise the equipment and outfitting of a merchant marine.

Mr. HARDY. It ought to be that way, but it is not.

Mr. GOODWIN. I supposed that was the intention of it; because the \$50,000,000 of course would not be but a small segment in the circle, and would prove rather inadequate; but in the evolution of that idea in the sale, resale, and purchase and repurchase of ships, the entire circle might be completed.

Secretary McAdoo. It is not in the copy of the bill I have; but of course that is a matter for the committee to determine.

Mr. GOODWIN. I would like to offer that amendment at the proper time, if it is not done, or would like to have the chairman do it. Do you not think it should be that way, Mr. Secretary, in order to meet the emergencies as they arise, just the same as when a man goes into business with a capital stock of \$50,000? He turns his money over three or four times in a year, and therefore his business is expanded and his profits increase, and it is in the evolution of things that this should be done, if we expect finally to have an adequate merchant marine, or auxiliary to our naval fleet.

Secretary McAdoo. I say in the copy of the draft that I have I do not find such a provision.

Mr. GOODWIN. Would you think that desirable?

Secretary McAdoo. Personally, I do not see any objection to giving the board such power; but it is a question for the committee to determine.

Mr. GOODWIN. There should be a discretion in the board to make these reinvestments from time to time in the enlargement of the merchant marine and naval auxiliary.

Secretary McAdoo. I do not consider it essential, Mr. Goodwin; but, as I say, I do not see any objection to the board having such power.

The CHAIRMAN. I have this amendment, which I expect to offer at the proper time:

All moneys received from the charter, leasing, or selling of vessels under the control of the board may be used by the board in the purchase, construction, and chartering of other vessels of the class and kind hereinbefore described for the purposes of this act.

I expect that amendment to be offered and to be inserted in the proper place in the bill, so as to express what I believe to be proper.

Mr. LOUD. Just a question on one point. I could not quite see where we got any advantage by buying ships that we already had in the American trade—where it would help the situation. Then you

gave me the illustration of the locomotives. Now, if the 25 locomotives that you bought were mostly taken from another railroad, at the same terminal that was trying to relieve some congestion, it would not relieve the situation any, but would just simply take out of one pocket and put in another pocket. And it seems to me, in the steamship proposition, if you attempt to buy tonnage, you are just taking out of one pocket and putting into another pocket.

Secretary McAdoo. That is just exactly what I said you should not do. What I said was this—at least, what I intended to say was this: That while the argument has been made that if we had bought a lot of ships while we had the chance we would not have added to the world's tonnage, yet it is true that if we had bought ships of foreign registry and added them to our tonnage we would have protected ourselves to that extent.

Mr. LODG. But would not have relieved the situation any, because they were already working in the same trade.

Secretary McAdoo. Not at all; we would not take them from the same trade necessarily. Suppose they were operating between Great Britain and India, for instance. Of course, you could not have gotten anything from that service, but suppose they had been operated in some other part of the world.

Mr. LODG. That is the point I had in mind; that nine-tenths of them are in the American trade and only occasionally are the ships somewhere else.

Secretary McAdoo. What I mean is this: That if we had bought vessels to supplement our facilities, and even if we had taken them only from foreign flags, so that we could have controlled them ourselves and operated them at reasonable rates in our own service, we would have been better off than to be as we are now, subject to the limitations and vicissitudes of foreign flags.

Mr. LODG. I am afraid we can not agree upon that, and we will pass it over, because I can not see where we would gain anything by taking tonnage away from one point and putting it in Government ownership, because it simply takes Government money and puts it into ships, and the other man has the money instead of the ships.

Secretary McAdoo. Suppose you had bought a lot of ships not engaged in our service at all and had them in our service now; that is the point I am making.

Mr. LODG. I do not think it is possible.

Secretary McAdoo. Then if it is not possible, it won't be done. It was possible when the ship bill was introduced in September, 1914.

Mr. LODG. I think you are up against that anyway. I can go with you on the purchase of ships by the building of ships where you can build 600,000 tons with the \$50,000,000. That seems to me a very desirable proposition if we must go to that phase of Government ownership. But there is also something more immediate than that, in the use of the surplus Government auxiliaries. We were told yesterday, by Admiral Benson, that we needed all we had at the present time and in time of peace. Now, I would expect that reply from every naval officer that came before us; I would not expect them to give the ships up willingly. I would not say it would be intentional, at all, but it is in the atmosphere that they would like to hold on to all of them. At the same time, if the power to take those ships

were vested in a commission and they were to pass upon the question of whether they were absolutely necessary to be used in the Navy in time of peace or to be taken for commercial purposes, I suspect that out of 500,000 tons which is available—or not available, but which is controlled by the Government—that two-fifths of that, or at least 200,000 tons, could be taken for commercial purposes and immediately relieve to that extent the stress on our shipping and on our commerce; because those vessels are right here now, in the ownership of the United States.

Secretary McADOO. This bill provides, as you know, Congressman, that all those naval vessels and war vessels—I mean the Army transports—that are not required in the service of the Army or Navy in time of peace shall be transferred to this board for this purpose. And then new ships that are to be built are under the control of this board.

Mr. LOUD. Under whose direction are they to be taken from the Navy?

Secretary McADOO. They are to be transferred upon direction of the President to this shipping board at that time if not required, and then this board will have the right to make disposition of them. So that it will not be a naval problem at all; I mean to say the control here is not lodged exclusively in the naval staff, but it is lodged in the President and this board.

Mr. HARDY. If this bill is passed and the Government sees proper to endeavor to have built, say, 20 large ships at one time, would not that at the present time be an opportunity for the shipbuilders of this country to start in on a type of vessel and to enlarge and perfect the shipbuilding industry of the United States in a measure that has never been offered them before?

Secretary McADOO. I think it would. The New York Chamber of Commerce made, as I understand it, an investigation a short time ago of the possibility for additional ship construction in this country. And it was reported in the papers, and I assume it is correct, because it had the earmarks of being so, that private shipyards could increase their facilities 30 per cent if they had the business. Now, of course, it is perfectly feasible to build ships in our shipyards on the Great Lakes and to assemble them on the seacoast.

Mr. LOUD. They build them very rapidly there; they put out a 10,000-ton ship in 90 days.

Secretary McADOO. Yes. That can be done; and you must remember that we have and could get ready the navy yards in this country.

Mr. ROWE. You can not get a 10,000-ton vessel through from the Lakes.

Secretary McADOO. No; but you can build and ship in sections to the seacoast, to our navy yards. I suppose Admiral Benson told you, I do not know, that we have a number of navy yards in which merchant vessels could be constructed—one at Portsmouth, N. H.; one at Charleston, S. C.; another at New Orleans; and there is the Brooklyn Navy Yard and the Mare Island Navy Yard; also one in Puget Sound and one at Pensacola, Fla. We have navy yards along both coasts where they could assemble merchant vessels certainly at a very small relative expenditure for additional facilities.

Mr. GREENE. Are they equipped for that purpose?

Secretary McAdoo. I understand that not a great deal of equipment would be necessary if the machinery and the material was shipped there to be assembled at those yards. You see a lot of this stuff can be turned out in the interior of the country and shipped and assembled on the seacoast.

Mr. HARDY. I can not explain myself exactly or get exactly the expression, but it occurs to me to ask you if the present conditions do not offer an opportunity for the resurrection and the reinfusion of life into the shipbuilding industry of this country which, with a little encouragement by the Government which would be offered by this bill, offering, say, twenty, thirty, or forty million dollars worth of contracts at one time; would it not put the shipbuilding industry on a footing and place it far in advance of other institutions of like kind any place else in the world? That is the vision I have.

Secretary McAdoo. Unquestionably and one of the hopes I have, as a result of the passage of this bill is, that that will result.

Mr. HARDY. That looks to me like a vision that is worth looking upon.

Mr. GREENE. That would be a vision of rather substantial subsidy.

The CHAIRMAN. That ought to make you favor it then, Brother Greene.

Mr. GREENE. No; I was just wondering where he was coming to.

Secretary McAdoo. It is just as essential for naval preparedness and naval efficiency that you have enough shipyards and you have got to have them built up; and all of this will contribute, in my opinion, to the upbuilding of that industry and will give it a great impetus.

May I have the privilege, when I look over the stenographer's minutes of this hearing, of attaching certain exhibits that I have not referred to here, but which I should like to put in the record? I think some of them are material and may be of use.

Mr. GREENE. I hope there will be no objection.

The CHAIRMAN. That may be done, without objection.

Secretary McAdoo. I want to thank you very heartily for listening to me with so much patience.

The CHAIRMAN. We are very glad to have heard you and are obliged for your coming.

(The matter referred to is as follows:)

In my statement before the committee I failed to bring out the fact that, as matters stand to-day, the Government has no power of regulation or control over ocean carriers. They may increase rates when and as they please, discriminate between shippers, and practically do as they will without restraint. In this respect the producers and industries of this country, which have to depend for their prosperity upon foreign markets for the disposal of their surplus, are more at the mercy of the steamship companies than they were at the mercy of the railroads of this country, so far as their domestic trade is concerned, before the passage of the interstate commerce act. This condition must be dealt with, and the passage of this bill is just as important to the people of the United States as was the passage of the interstate commerce act. It will be a constructive step of the first order.

I need only to call attention to the extortionate rates of freight now prevailing on the high seas. The rates on cotton between leading ports of the United States and Liverpool have increased from one-quarter and one-half a cent a pound, prior to the outbreak of the European war, to 3 cents a pound. The rates on grain have increased from 4 and 5 cents a bushel to from 40 to 50 cents a bushel. The rates on tobacco are being compiled and will be fur-

nished as soon as I get them. I am advised that these rates have increased to such an extortionate point as to seriously hurt the tobacco industry in this country. The lumber industry has suffered severely for the same reason.

The most serious aspect of our situation is that it is growing worse every day. Rates are mounting higher and higher and there is no prospect for immediate relief. If this bill is passed the shipping board will be able to put into service some Army transports and Navy craft not required in time of peace, and this will help the situation to some extent, but the bigger problem is to do something on a constructive scale in the way of legislation which will enable us to make a beginning and to build steadily and surely toward the creation of a great merchant marine.

I attach as Exhibit No. 12 a statement showing the increases in ocean freight rates on grain and cotton from leading American ports.

The growing scarcity of ocean tonnage, due to the destruction of merchant vessels by belligerent nations, and their withdrawal from merchant service for military uses, and the increasing cost of ocean carriage, due to the exorbitant and extortionate freight rates charged by ship owners, is seriously injuring American business, and no one can study this problem without a growing feeling of alarm and apprehension for the future of our export trade. A serious decrease in our export trade would be disastrous to our prosperity.

It should be remembered that the foreign commerce of a great nation like the United States can not be conducted unless American citizens, as well as American products, travel on the high seas. Our citizens, having business in foreign lands, must, for the protection of their interests, travel frequently upon the high seas. Our consular and diplomatic officers must do the same thing in the discharge of their official duty. The extent to which citizens of the United States travel is shown by a statement from the United States Department of Labor, attached as Exhibit No. 13, from which it will be seen that for the seven months beginning August, 1913, and ending February, 1914, the year preceding the outbreak of the European war, the total number of our citizens arriving from Europe was 128,748. The number of our citizens departing for Europe for the same period was 113,158.

For the corresponding period August, 1914, to February, 1915, immediately following the outbreak of the European war, the total number of our citizens arriving from Europe was 117,039. The number of our citizens departing for Europe during the same months was 54,389.

For the corresponding period August, 1915, to February, 1916, one year after the outbreak of the European war, the total number of our citizens arriving from Europe was 26,377. The number of our citizens departing for Europe during the same months was 33,435.

It is fair to assume that the 26,377 citizens arriving from Europe and the 33,435 departing for Europe—total, 59,812—between August, 1915, and February, 1916, more than one year after the outbreak of the European war, represent approximately the number of our citizens who had to travel between the United States and Europe on business or from necessity, because it is unlikely that more than a very small percentage went on pleasure.

Having no passenger vessels under the American flag, with the exception of the few ships running between Liverpool and New York, a great majority of our citizens are compelled to sail on vessels of foreign register. Many of these vessels are under the flags of nations engaged in the great war.

Our shipping problem, therefore, does not relate only to the transportation of cargoes, but it relates also to the carriage of our citizens who must travel upon the high seas to all parts of the world.

I attach also, as Exhibit No. 14, a brief and admirable statement from Mr. P. H. W. Ross, president of the National Marine League of the United States, of some of the reasons why a merchant marine under the American flag is so necessary.

EXHIBIT No. 1.

[Senate Report No. 718, Sixty-third Congress, second session.]

UNITED STATES NAVY MAIL LINES BETWEEN UNITED STATES AND SOUTH AMERICA.

We, the undersigned members of the Senate Committee on Naval Affairs, recommend the passage without amendment of S. 5259, being a bill introduced by Senator Weeks, entitled "A bill to establish one or more United States Navy

mail lines between the United States and South America," and being the bill recommended for passage by the Secretary of the Navy in response to Senate resolution 317.

B. R. TILLMAN.
CARROLL S. PAGE.
CLAUDE A. SWANSON.
GEO. C. PERKINS.
N. P. BRYAN.

MOSES E. CLAPP.
J. R. THORNTON.
MILES POINDEXTER.
CHARLES F. JOHNSON.

LETTER FROM THE SECRETARY OF THE NAVY TO THE CHAIRMAN OF THE COMMITTEE ON NAVAL AFFAIRS, TRANSMITTING CERTAIN INFORMATION ON SENATE RESOLUTION 317 RELATIVE TO A PLAN FOR THE ESTABLISHMENT OF A LINE OF SHIPS TO RUN BETWEEN THE CITIES OF NEW YORK AND NEW ORLEANS AND THE CITY OF VALPARAISO, CHILE, AND INTERMEDIATE PORTS, TOGETHER WITH A DRAFT OF A PROPOSED BILL TO ACCOMPLISH THE SAME.

[S. Res. 317.]

Mr. Weeks submitted the following resolution; which was referred to the Committee on Naval Affairs:

Whereas it is desirable to develop and extend commercial relations between the United States and the countries of South America by the establishment of direct lines of communication for carrying the United States mail and for the transportation of passengers and freight; and

Whereas private capital has not engaged in this service to a sufficient extent to furnish facilities comparable to those enjoyed by the people of other countries having trade relations with South America: Therefore be it

Resolved, That the Secretary of the Navy be, and he is hereby, directed to cause to be prepared, in detail, a plan for the establishment of a line of ships to run between the cities of New York and New Orleans and the city of Valparaiso, Chile, and intermediate ports, to consist of the cruisers Columbia and Minneapolis and the scout cruisers Salem, Chester, and Birmingham, and that the information requested in this resolution shall include the following:

First. The time required by these ships to make a round trip between the ports named.

Second. The number of passengers which could be carried in each ship as now equipped or with any changes that would not impair their usefulness if required in the naval service.

Third. The amount of freight that each ship could carry under similar conditions; this estimate to include mail as well as freight.

Fourth. The number of naval officers and seamen required to man the ships engaged in the service which is proposed.

Fifth. The probable cost of the service, including the pay of the officers and men employed in connection with it and all other necessary elements such as wharfage in the cities where the ships would touch, fuel, repairs, and maintenance of every description.

Sixth. The cost of such necessary changes as may be required to put the ships named in condition for such service, in removing unnecessary military equipment and any other changes necessary in order to carry passengers and freight safely and to adequately perform the service proposed in this resolution.

Seventh. An expression of opinion by the department as to whether the above-named ships can be used for such purposes without impairing their usefulness for naval purposes should their prompt return to the naval service be required.

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, April 11, 1914.

Hon. B. R. TILLMAN,
Chairman of the Committee on Naval Affairs,
United States Senate.

MY DEAR SENATOR: 1. Referring to Senate resolution No. 317, Sixty-third Congress, second session, I have the honor to forward to your committee a report embodying the information requested.

2. It is practicable, by the use of naval vessels, to carry out the purpose indicated in the resolution, and the following vessels will be available for the service.

viz, *St. Louis*, *Charleston*, *Milwaukee*, *Columbia*, *Minneapolis*, *Salem*, *Chester*, *Buffalo*, *Rainbow*, *Ancon*, *Cristobal*, *Hector*, *Mars*, *Vulcan*, *Cyclops*, and *Neptune* (or two equally good), and the *Nanshan*.

3. The *St. Louis*, *Charleston*, *Milwaukee*, *Columbia*, and *Minneapolis* are fast cruisers; the *Salem* and *Chester* are fast scout cruisers; the *Buffalo* and *Rainbow* are transports; the *Ancon* and *Cristobal* are steamers employed by the Panama Railroad Co. to be turned over to the Navy Department; and the others are naval colliers.

4. The cruisers are suitable for carrying only a small number of male passengers—15 to 20 each—and could not be fitted for carrying bulky freight without interfering materially with their military value; but they could carry the mails and a limited amount of express freight and parcels, about 150 tons each.

5. The *Buffalo*, *Rainbow*, *Ancon*, and *Cristobal* are suitable for carrying a limited number of passengers and any kind of freight: *Buffalo*, 20 first-class passengers and 4,000 tons of freight; *Rainbow*, 25 passengers and 2,500 to 3,000 tons of freight; *Ancon* and *Cristobal*, each 74 first-class and 32 steerage passengers and between 10,000 and 11,000 tons of freight. The naval colliers are not suitable for carrying any passengers, but are well adapted to a freight service; the first three carrying 6,500 to 10,000 tons each; the two of the *Cyclops* class 10,000 to 12,500 tons of freight and 2,900 tons of fuel oil in bulk each; and the *Nanshan* about 3,000 tons.

6. The distance from New York to Valparaiso via Panama and Callao is 4,666 miles, and each of the fast cruisers going at 15 knots could cover that distance, allowing 24 hours for delays incident to passage through the canal, in 13 days 23 hours; or make one round trip without stop, except at the canal, in 27 days 22 hours.

The distance from New Orleans to Valparaiso via Panama and Callao is 4,087 miles, and the time for the same vessels to make one round trip without stop, except at the canal, is 24 days 17 hours.

The distance from Panama to Valparaiso via Callao is 2,652 miles, and the same vessels can, at 15 knots, cover the distance in 7 days 9 hours, or make one round trip in 14 days 18 hours.

The other vessels are slower, and will sustain a speed of 12 knots, except the *Nanshan*, which can be counted on for 10 knots.

7. By the use of the *Charleston*, *St. Louis*, *Columbia*, and *Minneapolis*, a fast but very expensive mail service, with accommodations for a limited number of male passengers, could be easily maintained between Panama, Guayaquil, Molendo, and Valparaiso, with weekly sailings from Panama. A far less expensive service could be maintained by the use of the *Salem*, *Chester*, *Columbia*, and *Minneapolis*. These stops would be best for quick deliveries of mails to the South American countries on the west coast to Argentina, Bolivia, Uruguay, and Paraguay. There is a daily railway express service from Valparaiso to Buenos Aires and Montevideo via the Trans-Andean Railway. The time from Valparaiso to Buenos Aires by rail is about 60 hours, and to Montevideo 72 hours. Allowing four days for the delivery of mails from New Orleans to Panama, and 11 days for delivery from Panama to Valparaiso, the mails from the United States would reach Buenos Aires in 17½ days and Montevideo in 18 days. The time from Liverpool to Buenos Aires by mail steamers running in connection with the Royal Mail Steam Packet Co. is 22 days, and to Montevideo 21 days, on a weekly schedule. From New York to the same ports via existing lines the time is 24 and 23 days, respectively, with a weekly schedule. There is at the present time a weekly mail and passenger service between New Orleans and Colon. If it should be found desirable to run the mail steamers from New Orleans to Valparaiso it could be done by the addition of another cruiser, but at very greatly increased cost. The cost of running each vessel is given in the table appended, marked "A."

8. A passenger and freight line can, in addition, be maintained between New Orleans and Valparaiso, and a freight line between New York and Valparaiso, making such ports as may be necessary; or a combination freight and passenger service and a freight service between New York and Valparaiso.

For a service from New Orleans, the *Buffalo*, *Rainbow*, *Ancon*, and *Cristobal* could be used, insuring a sailing every 14 days.

In addition, a freight line can be maintained between New York and Valparaiso, using the five large colliers, which would insure a sailing every 12 days.

If the vessels mentioned above for the New Orleans trade were combined with the freighters, a mixed service could be maintained, which would insure a steamer from New York every seven days.

The *Nanshan* might be useful as a freighter between Panama, Buenaventura, and Guayaquil.

9. Due to the engine room, fireroom, and bunker construction of the cruisers, a large number of men is required in the engineering department; in addition, these vessels are great coal consumers and would have to coal both on the outward and return voyages. Since continuity and regularity of mail service would be essential, it would be necessary to maintain at some point on the west coast, preferably at Callao, either ashore or afloat, a reserve of coal. This need could, however, be easily met.

10. The personnel that would be required for the ships is as follows: *Columbia*, *Minneapolis*, *Salem*, and *Chester*, 9 commissioned and 6 warrant officers and 202 men each; *Buffalo* and *Rainbow*, 9 commissioned and 6 warrant officers and 118 men each; *Ancon* and *Cristobal*, 9 commissioned and 6 warrant officers and 135 men each; *Hector*, *Mars*, and *Vulcan*, 7 commissioned and 6 warrant officers and 117 men each; *Cyclops* and *Neptune* (or two others of equal capacity), 7 commissioned and 6 warrant officers and 134 men each; and the *Nanshan*, 7 commissioned and 6 warrant officers and 69 men; a total of 114 commissioned and 84 warrant officers and 2,002 men.

11. The cost of changes necessary to fit the vessels for the proposed service would be small. For the *Rainbow*, on which it is contemplated installing five additional staterooms at a cost of \$2,000, \$3,000 would be required; and \$1,000 for each of the other vessels would probably cover the cost of changes proper. In addition, each vessel carrying passengers would need an auxiliary radio installation required by law for passenger ships. This would cost \$2,000 for each vessel, and the total cost for the above vessels would be about \$32,000.

12. The pay and subsistence of officers and men to man the 14 ships would be about \$1,862,444, and the maintenance of the ships, other than pay and subsistence, including repairs, docking, and supplies of all kinds, would approximate \$1,774,250; total, \$3,636,694.

13. The probable cost of the shore establishment for operating the lines is difficult to estimate at this time. This would include salaries of officers, agents, clerical force, and other personnel, terminal facilities, wharfage, port dues, rent of offices, furniture, and other expenses, and the department is making an investigation to determine this expense. It is believed, however, that it would be but a small percentage of the total cost, as Government terminal facilities will be used wherever practicable.

14. The expense of such services would, of necessity, be relatively large, due to the character of the vessels to be used and the fact that they must be kept in condition for immediate military service if required. It should be remembered, however, that there would be considerable return to the Government in mail, passenger, and freight receipts.

Retired officers or officers on the reserve list, should one be created, would be employed in the service as soon as practicable, and under such conditions the expense involved in the pay and subsistence of officers, as given in the table, should be reduced by three-fourths.

When it is considered that the men will be enlisted men in the Navy and available for service with the Navy in time of war, the actual total additional expense for personnel for 14 ships would be but \$151,244.

15. Should the department be authorized to establish the service as contemplated in the resolution, it is suggested that the question of ships to be used, ports to be made, schedules, etc., be left entirely to the discretion of the department, and the department would make every effort to carry out the plan successfully. In so doing it is considered best to inaugurate the business by establishing a fast line from Panama to Valparaiso, via Callao and Mollendo, and utilize for the purpose the *Columbia*, *Minneapolis*, *Salem*, and *Chester*. This mail and passenger line, in connection with those now in existence from New York and New Orleans to Colon, would be a rapid-transit route between the United States, Peru, Bolivia, and Chile, and thence via the Trans-Andean Railway to Argentina, Uruguay, and Paraguay.

It is not deemed wise to establish at the beginning a schedule that would utilize all the vessels mentioned as available. One sailing a month of freighter or passenger vessel from New York and New Orleans to Valparaiso and intermediate ports would be enough for a beginning. As business developed other vessels would be added and sailings made more frequent, as the traffic warranted.

The *Rainbow* or *Nanshan*, or both, as the traffic warrant, would be scheduled to ply between Panama and Guayaquil, Ecuador, via Buenaventura, Colombia.

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These would carry mails, passengers, and freight, and act as feeders for our freighters passing through the canal and connecting with the mail lines from New Orleans and New York.

As for docks and terminal facilities, the navy yard at New Orleans is well adapted for the purpose, and the New York yard could be used until the traffic warranted renting another terminal. The cost of wharves in New Orleans would depend upon the freight handled and would therefore be included in the freight rates. In South American ports practically all cargoes are handled by means of lighters, the cost of which would be included in the freight rates.

Although it might appear that the cost of maintenance of the four cruisers of the fast mail line from Panama to Valparaiso is excessive, this is not so apparent when considered in connection with the freighters. One is necessary to the other for developing the South American trade, and the average cost should be taken. The freighters would begin to pay for themselves at once by taking coal and oil, for which there is great demand, and returning with general freight.

16. The department sees in the plan an opportunity for a twofold advantage: First. The opportunity for developing a large trade with South America, which is not practicable for private vessels under the United States flag.

Second. The gradual development of a large auxiliary fleet which would be necessary in time of war, and which would be built up and maintained in time of peace without cost to the Government, as it will pay for itself after having once been firmly established.

Should the development of the business warrant, the cruisers used in this service would be gradually replaced by auxiliary vessels vastly more suitable and economical for the service itself as well as for the use of the Navy in time of war.

17. The approximate cost of maintenance of the ships of the lines proposed, for beginning the service, is as follows:

1. Fast mail service from Panama to Valparaiso, using the <i>Columbia</i> , <i>Minneapolis</i> , <i>Salem</i> , and <i>Chester</i> :		
Pay and subsistence of officers and men.....	per annum...	\$597, 120
Maintenance, including repairs, docking, supplies of all kinds, etc.....	per annum...	790, 800
Total.....		1, 387, 920
2. <i>Rainbow</i> , plying between Panama, Buenaventura, and Guayaquil:		
Pay and subsistence of officers and men.....		118, 840
Maintenance, including repairs, docking, supplies of all kinds, etc.....		81, 300
Total.....		199, 140
8. Monthly sailings from the terminals, New York and New Orleans, for Valparaiso and intermediate ports would cost, on the average for each vessel engaged in the service, as follows:		
Pay and subsistence of officers and men.....		121, 160
Maintenance, including repairs, docking, supplies of all kinds, etc.....		100, 500
Total.....		221, 660

18. Any of the vessels mentioned for this service can be so employed without impairing their usefulness for naval purposes in any way, should their prompt return to the naval service be required.

19. In indorsing the establishment of this service the department takes occasion to state that the personnel of all vessels engaged in it should be naval officers and enlisted men of the Navy, and it will be necessary to increase the number of men at present allowed by law by the number of men required for this service.

20. The draft of a bill which would, in the opinion of the department, meet requirements, is inclosed, marked "B."

JOSEPHUS DANIELS.

TABLE A.

Vessel.	Complement.		Passengers, number.	Freight, tons.	Active pay of officers.	Retired officers' pay.	Difference.	Pay and subsistence (men).	Total pay and subsistence officers and men (6) and (9).	Total additional pay and subsistence (9) and (8).	Maintenance of ships, exclusive of pay and subsistence, including docking, supplies, and fuel.	Total cost of maintenance, as affected (11) and (10).	Cost of changes.
	Officers.	Men.											
St. Louis ¹	Commissioned, 9; warrant, 6; 15.	335	15 to 20.	Exp. 150.	\$40,960	\$20,700	\$11,260	\$221,000	\$261,960	\$232,260	\$226,000	\$458,260	\$3,000
Columbia.....	do.....	202	15 to 20.	Exp. 150.	40,960	20,700	11,260	133,320	174,280	144,580	197,750	342,330	3,000
Minneapolis.....	do.....	202	15 to 20.	Exp. 150.	40,960	20,700	11,260	133,320	174,280	144,580	197,750	342,330	3,000
Salem.....	do.....	202	15 to 20.	Exp. 150.	40,960	20,700	11,260	133,320	174,280	144,580	197,750	341,080	3,000
Chester.....	do.....	202	15 to 20.	Exp. 150.	40,960	20,700	11,260	133,320	174,280	144,580	197,750	341,080	3,000
Buffalo.....	do.....	118	20	4,000- ³	40,960	20,700	11,260	77,880	118,840	89,140	96,500	185,640	3,000
Rainbow.....	do.....	118	25	3,000	40,960	20,700	11,260	77,880	118,840	89,140	81,300	170,440	5,000
Ancon.....	do.....	135	(⁷)	10,000-11,000	40,960	20,700	11,260	89,100	130,060	100,360	113,600	213,960	1,000
Cristobal.....	do.....	135	(⁷)	10,000-11,000	40,960	20,700	11,260	89,100	130,060	100,360	113,600	213,960	1,000
Hector.....	Commissioned, 7; warrant, 6; 13.	117	None.	6,500-10,000	35,574	25,380	10,194	77,220	112,794	87,414	97,250	184,654	1,000
Mars.....	do.....	117	None.	6,500-10,000	35,574	25,380	10,194	77,220	112,794	87,414	97,250	184,654	1,000
Vulcan.....	do.....	117	None.	6,500-10,000	35,574	25,380	10,194	77,220	112,794	87,414	97,250	184,654	1,000
Cyclops.....	do.....	134	None.	10,000-12,500	35,574	25,380	10,194	88,440	124,014	98,634	120,000	218,634	1,000
Neptune.....	do.....	134	None.	10,000-12,500	35,574	25,380	10,194	88,440	124,014	98,634	120,000	218,634	1,000
Nanshan.....	do.....	69	None.	3,000	35,574	25,380	10,194	45,540	81,114	65,734	49,000	114,734	1,000

¹ Charleston and Milwaukee same as St. Louis in all respects.² 74 first class; 32 steerage.

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A BILL To establish one or more United States Navy mail lines between the United States and South America.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Navy is hereby authorized to establish one or more United States Navy mail lines, by employing such vessels of the Navy as in his discretion are available without impairment to the paramount duties of the Navy and as are necessary and appropriate, for the purpose of establishing and maintaining regular communication between the east or west coast, or both coasts, of the United States and either or both coasts of South America. The vessels so employed shall carry United States mail, passengers, and freight under such regulations and at such rate or rates as the Secretary of the Navy may prescribe. Such civilians, such officers of the naval auxiliary service, and such officers and enlisted men of the Navy, including officers on the retired list, as the Secretary of the Navy may deem necessary shall be employed in the business of the said mail line or lines, and retired officers of the Navy so employed at sea or on shore shall, in all respects, be held and considered to be in an active duty status, and shall receive the pay and allowances of officers of the active list of the same rank and length of service: *Provided*, That officers placed on the retired list on account of wounds or disability incident to the service, or on account of age, or after thirty years' service, shall not be ordered to such duty without their consent.

The enlisted strength of the Navy, as now or hereafter authorized by law, is hereby increased by the number of men required to man the vessels so employed, and the Secretary of the Navy is hereby authorized to enlist such number of men in the Navy for such terms of enlistment, not to exceed four years, as may be desirable, and to distribute the number of men so enlisted among the various ratings of the Navy.

SEC. 2. In addition to and as a part of the line of the Navy there is hereby established an active reserve list. Line officers placed on the active reserve list under the provisions of this act shall be held to be in an active-duty status in all respects, except that officers on the active reserve list shall not be advanced on the active reserve list except for eminent and conspicuous conduct in battle, or extraordinary heroism, when their advancement thereon for these causes shall be governed by the provisions of law governing the advancement of officers on the active list for like causes. All laws now in effect with reference to the retirement of officers from the active list are hereby extended to include officers on the active reserve list.

SEC. 3. Sections eight and nine of the act approved March third, eighteen hundred and ninety-nine, entitled "An act to reorganize and increase the efficiency of the personnel of the Navy and Marine Corps of the United States," as amended by the act approved August twenty-second, nineteen hundred and twelve, entitled "An act making appropriations for the naval service for the fiscal year ending June thirtieth, nineteen hundred and thirteen, and for other purposes," are so far amended that officers who hereafter volunteer or are selected for retirement as therein provided shall be held and considered to have volunteered for transfer to the active reserve list, or shall be selected for transfer to the active reserve list, respectively; and the transfer of such officers to the active reserve list in lieu of their retirement shall be made subject to the restrictions imposed by the provisions of the said sections as amended.

SEC. 4. In addition to such part of existing appropriations as may be available for the expenses of operating the line or lines herein provided for, the sum of \$100,000 is hereby appropriated, to be paid out of any money in the Treasury of the United States not otherwise appropriated, to be expended in the discretion of the Secretary of the Navy for the purpose of organizing, inaugurating, and carrying on the traffic provided for in this act and in defraying the operating expenses incident thereto: *Provided*, That all money received for the transportation of mail, passengers, and freight, as provided in section one of this act, and for such other services as may be incident to the operation of the said line or lines, is hereby made available, in addition to the aforesaid sum of \$100,000 herein appropriated, for expenses incident to the proper conduct of the business contemplated in this act: *Provided, further*, That any sum of money herein appropriated which remains unexpended at the end of the third fiscal year after the passage of this act, and at the end of each fiscal year thereafter, shall be covered into the Treasury of the United States.

EXHIBIT No. 2.

[S. 5259, Sixty-third Congress, second session.]

A BILL To establish one or more United States Navy mail lines between the United States and South America.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Navy is hereby authorized to establish one or more United States Navy mail lines, by employing such vessels of the Navy as in his discretion are available, without impairment to the paramount duties of the Navy, and as are necessary and appropriate, for the purpose of establishing and maintaining regular communication between the east or west coast, or both coasts, of the United States and either or both coasts of South America. The vessels so employed shall carry United States mail, passengers, and freight under such regulations and at such rate or rates as the Secretary of the Navy may prescribe. Such civilians, such officers of the naval auxiliary service, and such officers and enlisted men of the Navy, including officers on the retired list, as the Secretary of the Navy may deem necessary shall be employed in the business of the said mail line or lines, and retired officers of the Navy so employed at sea or on shore shall, in all respects, be held and considered to be in an active duty status, and shall receive the pay and allowances of officers of the active list of the same rank and length of service: *Provided*, That officers placed on the retired list on account of wounds or disability incident to the service, or on account of age, or after thirty years' service, shall not be ordered to such duty without their consent.

The enlisted strength of the Navy, as now or hereafter authorized by law, is hereby increased by the number of men required to man the vessels so employed, and the Secretary of the Navy is hereby authorized to enlist such number of men in the Navy for such terms of enlistment, not to exceed four years, as may be desirable, and to distribute the number of men so enlisted among the various ratings of the Navy.

SEC. 2. That in addition to and as a part of the line of the Navy there is hereby established an active reserve list. Line officers placed on the active reserve list under the provisions of this act shall be held to be in an active duty status in all respects, except that officers on the active reserve list shall not be advanced on the active reserve list except for eminent and conspicuous conduct in battle, or extraordinary heroism, when their advancement thereon for these causes shall be governed by the provisions of law governing the advancement of officers on the active list for like causes. All laws now in effect with reference to the retirement of officers from the active list are hereby extended to include officers on the active reserve list.

SEC. 3. That sections eight and nine of the act approved March third, eighteen hundred and ninety-nine, entitled "An act to reorganize and increase the efficiency of the personnel of the Navy and Marine Corps of the United States," as amended by the act approved August twenty-second, nineteen hundred and twelve, entitled "An act making appropriations for the naval service for the fiscal year ending June thirtieth, nineteen hundred and thirteen, and for other purposes," are so far amended that officers who hereafter volunteer or are selected for retirement as therein provided shall be held and considered to have volunteered for transfer to the active reserve list, or shall be selected for transfer to the active reserve list, respectively; and the transfer of such officers to the active reserve list in lieu of their retirement shall be made subject to the restrictions imposed by the provisions of the said sections as amended.

SEC. 4. That in addition to such part of existing appropriations as may be available for the expenses of operating the line or lines herein provided for, the sum of \$100,000 is hereby appropriated, to be paid out of any money in the Treasury of the United States not otherwise appropriated, to be expended in the discretion of the Secretary of the Navy for the purpose of organizing, inaugurating, and carrying on the traffic provided for in this act and in defraying the operating expenses incident thereto: *Provided*, That all money received for the transportation of mail, passengers, and freight, as provided in section one of this act, and for such other services as may be incident to the operation of the said line or lines, is hereby made available, in addition to the aforesaid sum of \$100,000 herein appropriated, for expenses incident to the proper conduct of the business contemplated in this act: *Provided further*, That any sum

346 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

of money herein appropriated which remains unexpended at the end of the third fiscal year after the passage of this act, and at the end of each fiscal year thereafter, shall be covered into the Treasury of the United States.

EXHIBIT No. 3.

Extract from the annual report of the Director of the Bureau of War Risk Insurance, submitted to Congress December 7, 1915:

[1,207 policies issued from Sept. 2, 1914, to Nov. 30, 1915.]

Total amount insured.....		\$93, 190, 052. 00
Premiums received on same.....		2, 194, 454. 22
Salvage received to date.....		48, 143. 68
Total amount at risk.....		8, 331, 205. 00
Known losses to date.....		744, 128. 00
Possible outstanding claims.....		250, 000. 00
Net losses (paid).....		695, 984. 32
Total expenses of bureau, Nov. 30, including salaries of entire force.....		22, 033. 50
<hr/>		
Total premiums received.....		2, 194, 454. 22
Known losses to date.....	\$744, 128. 00	
Less salvage received.....	48, 143. 68	
Net losses paid.....		695, 984. 32
Surplus premiums on hand.....		1, 498, 469. 90

EXHIBIT No. 4.

[Debate in Senate Mar. 26, 1914, on Senator Weeks's resolution (S. Res. 317).]

TRADE WITH SOUTH AMERICA.

Mr. WEEKS. I submit a resolution, which I ask to have read and given immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The Secretary read the resolution (S. Res. 317), as follows:

"Whereas it is desirable to develop and extend commercial relations between the United States and the countries of South America by the establishment of direct lines of communication for carrying the United States mail and for the transportation of passengers and freight; and

"Whereas private capital has not engaged in this service to a sufficient extent to furnish facilities comparable to those enjoyed by the people of other countries having trade relations with South America: Therefore it is

"Resolved, That the Secretary of the Navy be, and he is hereby, directed to cause to be prepared in detail a plan for the establishment of a line of ships to run between the cities of New York and New Orleans and the city of Valparaiso, Chile, and intermediate ports, to consist of the cruisers *Columbia* and *Minneapolis* and the scout cruisers *Salem*, *Chester*, and *Birmingham*, and that the information requested in this resolution shall include the following:

"1. The time required by these ships to make a round trip between the ports named.

"2. The number of passengers which could be carried in each ship as now equipped or with any changes that would not impair their usefulness if required in the naval service.

"3. The amount of freight that each ship could carry under similar conditions; this estimate to include mail as well as freight.

"4. The number of naval officers and seamen required to man the ships engaged in the service which is proposed.

"5. The probable cost of the service, including the pay of the officers and men employed in connection with it, and all other necessary elements, such as wharfage in the cities where the ships would touch, fuel, repairs, and maintenance of every description.

"6. The cost of such necessary changes as may be required to put the ships named in condition for such service, in removing unnecessary military equipment, and any other changes necessary in order to carry passengers and freight safely and to adequately perform the service proposed in this resolution.

"7. An expression of opinion by the department as to whether the above-named ships can be used for such purposes without impairing their usefulness for naval purposes should their prompt return to the naval service be required."

Mr. SWANSON. I hope the Senator from Massachusetts will consent to have the resolution go to the Committee on Naval Affairs.

Mr. WEEKS. Before that is done I should like to make a few comments on the resolution. Perhaps the Senator from Virginia after I have done so will be willing to have the resolution adopted without going to the committee.

Mr. President, at the present time South American mails are sent at long and sometimes irregular intervals, and all American mails south of the Equator are carried in vessels sailing under a foreign flag. It is the purpose of this resolution to call for the information which it is believed will justify using fast cruisers of the Navy as a mail line to Valparaiso via the Panama Canal. These ships are of two types, the second-class cruisers *Columbia* and *Minneapolis*, carrying light batteries, having a trial speed of about 23 knots, and the scout cruisers *Birmingham*, *Chester*, and *Salem*, without substantial batteries, having a trial speed ranging from 24½ to 26½ knots an hour. These vessels, especially the three scout cruisers, are not built for fighting purposes, but are in the time of war the eyes of the fleet, furnishing information, which their great speed will enable them to do. In time of peace they are not useful ships, because they have not the guns which would make them available for training purposes.

At this time our mail service to Brazil, Argentina, and Uruguay is carried by the Lamport & Holt Line, which makes regular sailings from New York, or by other steamers which are temporarily available for that purpose—most of the mail being carried by the Lamport & Holt Line—the other ships used in this service being those of the Prince, Norton, Houston, Barber, and American-Rio Plata Lines. Many of these companies are subsidiary to the English Royal Mail Line, and it is believed that the Lamport & Holt Line is controlled by that company. Our mails to the west coast, after reaching the Isthmus, are forwarded to their destination by a weekly service under the terms arranged by the Universal Postal Convention. At present some mails for Argentina and Uruguay are sent by this route, but the service is very slow, and this, it may be easily assumed, militates against the development of our trade with South America.

It takes at the present time 7 days to carry the mail to the Isthmus and from 22 to 24 days to deliver it at Valparaiso, the shortest time being at least 22 days, and a proportional time to Guayaquil, Ecuador, which is 900 miles south of Panama, and Callao, Peru, which is 1,400 miles south of Panama, is required. By using the vessels of the Navy which I have mentioned and running them at a 15-knot speed, which is an economical rate for them to make, they would carry substantially coal enough so that by replenishing their supply at Valparaiso and recoaling at Panama they could make the trip from New York, stopping at the Isthmus and Callao, in about 13 days, or mail could be delivered in Valparaiso, Buenos Aires, and Montevideo from 7 to 9 days quicker than can be done either by the east or west coast routes.

It is believed these vessels could without any considerable expense be arranged to carry a considerable number of first-class passengers, and the amount of freight which they could carry would probably be sufficient to pay the expenses of the line from the beginning. I am opposed to Government ownership of transportation lines, and, generally speaking, in my judgment the Government is the least economical and in many cases the least effective business agency. If later on private capital undertakes the building and running of a line of steamers over this route, I should be inclined to withdraw the Government line, on the theory that it is unwise to put the Government in competition with private capital in such service; but that is a matter which may be properly considered when the service is once established and we are assured of our legitimate share in South American trade.

We are in the position of having spent \$400,000,000 in the building of a canal, one of the reasons for doing so being that it would aid in the extension of our foreign trade; but as far as I know there are no American steamers prepared to undertake this service. From Panama south there is a Chilean, a Peruvian, and an English line, the latter controlled by the Royal Mail. English

and German shipping interests are alive to the possibilities to be derived from the opening of the canal. They know that if they once secure lines of trade that it is difficult for others to successfully get into the same field. I am informed that the English Government has very recently increased the subsidy to the Royal Mail Line \$300,000 a year for the express purpose of extending and developing this particular service; and as we are not prepared to cover the field in any other way and this Government owns ships which are not useful for any other purpose in time of peace, why not use them in developing such a trade? It seems to me that we might fairly be criticized if we fail to authorize this line and have it ready for operation the day the canal opens.

At the present time the foreign trade of Ecuador, Peru, and Chile amounts to \$340,000,000. The eastern ports of the United States, by way of the canal, will be several days nearer this trade than are our commercial rivals. We at the present time control about 30 per cent of the trade of Ecuador, less than 25 per cent of the trade of Peru, and less than 15 per cent of the trade of Chile. Great Britain and Germany control the larger part of the balance. The trade of either of these nations with Chile amounts to more in dollars and cents than our total trade with the Pacific coast nations of South America. If this fast mail line were established, it would undoubtedly very greatly develop our business in the important ports of Montevideo and Buenos Aires, which are less than two days by railroad from Valparaiso. Argentina and Uruguay have a foreign trade amounting to much more than a billion annually, that of Argentina alone being more than \$900,000,000. We obtain an insignificant part of this trade, compared with what we might have if we had better, more frequent, and quicker connections. I should add that the steamers running from New Orleans will make the run to Valparaiso about two days quicker than from New York, which might be important in the delivery of freight, if not so important in the mail service, and it may be desirable to run steamers alternately from New York and New Orleans if this line is established.

All this possibility is an attractive picture, and it will be a long step in the development of our trade in South America if we take prompt action to firmly establish this line of steamers. It would be an inspiring thought for the American people that a ship flying the American flag, carrying American mail, passengers, and freight, will be ready and waiting at the Atlantic gates of the canal to continue her trip to the western ports of South America—the first merchant ship to pass through the canal.

I hope the Senator from Virginia will not object to the adoption of the resolution.

Mr. SWANSON. Mr. President, first I desire to suggest an amendment to the resolution. I should like to include the cities of New York, Norfolk, and New Orleans. I should want to have Norfolk included in any estimate made.

Mr. WEEKS. Mr. President, I have not intended in the resolution to refer specifically to cities of this country. I should say, generally speaking, that it might be wise to have these ships, if the line is established, run alternately from New York and from New Orleans. I want to state to the Senator from Virginia that it was not my purpose or my thought that this line should start from Boston. I am looking at it from the larger national standpoint rather than the local standpoint.

Mr. SWANSON. I should like to say, in that connection, that so far as Norfolk is concerned it is not from any local standpoint that I view it. Great lines of railroad concentrate there from the West and South. There is as large a territory covered by importations meeting at Norfolk as at almost any city that you could name; but this shows the necessity and the wisdom of having this resolution referred to the committee to determine to what extent and where the investigation should be directed. This is confined to specific vessels; it might be found better to get information including others, and I hope the Senator from Massachusetts will consent that the resolution go to the Naval Committee, so that it may be properly prepared so as to suit all sections of the country.

I wish to say that I am not opposed to obtaining the information desired. I favor it. I should like to have it obtained and to have the report of the department upon it, and I wish to have the resolution broad enough to cover the various phases that many Senators would like to have included in the information furnished.

Mr. GALLINGER. If the Senator will permit me, I will say that in the efforts heretofore made to secure legislation in reference to the rehabilitation of the merchant marine the bills always provided that the ships should at least touch

at certain South Atlantic and Gulf ports. This resolution could doubtless be so framed that there would be no discrimination, as there ought not to be. If a ship should start from New York, there is no reason why it should not touch at Norfolk. I apprehend.

Mr. SWANSON. That was my object in desiring to have the resolution referred, because I thought that it would save time to have the investigation and report made so as to include the different ports.

Mr. GALLINGER. I do not object to the reference of the resolution, of course, but I will venture to express the hope that the Committee on Naval Affairs will take it up promptly, because it is important that when we open this great waterway the American flag should be seen on some merchant ships engaged in the foreign trade, and particularly in the trade with South and Central America.

Mr. SWANSON. I should be very glad to have this information, and I am satisfied that the Naval Committee would not object to obtaining it; but the resolution ought to be so drawn as to include all sections of the country and all phases of this matter. I hope the Senator will consent to have the resolution referred.

Mr. WEEKS. The resolution as presented is as broad as the country. There is no attempt being made to limit its operation to any particular section of the country. It is simply a resolution asking for information. I have no desire to prevent the resolution being considered by the Naval Affairs Committee, if it seems best that that should be done, but if we are going to take the action which I wish—that is, to have this line ready for operation on the day the Panama Canal is open for business—then there should be no considerable delay. The distinguished chairman of the Naval Committee is present, and I will say that I hope, if it be decided to refer the resolution to his committee, that we may have as much expedition as possible in reporting it out, so that the department may take up the investigation which will be made.

It will be necessary, in order to properly undertake this work, that the resolution be referred to the Department of Commerce and also to the Post Office Department to ascertain the extent of the mail and the trade which may develop and may be available at once to assist in making the line profitable. It will take time to do it. I am desirous that there shall be no unreasonable delay.

I am not at all solicitous about the port from which these ships shall sail or the ports where they shall touch. I had much rather leave that to those who are going to operate the line.

Mr. JONES. I wish to ask the Senator a question.

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Washington?

Mr. WEEKS. I yield.

Mr. JONES. I desire to ask the Senator whether the resolution calls for information as to the possibility or the feasibility of having this line touch at a point on the Pacific coast?

Mr. WEEKS. The Pacific coast of South America?

Mr. JONES. Yes.

Mr. WEEKS. That is exactly what is intended; that it is to run from the east coast of the United States to Panama, to go through the Panama Canal, and down the west coast of South America, touching, presumably, at Guayaquil, in Ecuador, and at Callao, in Peru, and certainly having for its terminus Valparaiso, in Chile.

Mr. JONES. What I meant was the Pacific coast of the United States?

Mr. WEEKS. It would not in any way affect the Pacific coast of the United States.

Mr. JONES. Could we not have information as to a line from some point on the Pacific coast of the United States to the eastern coast of South America, going through the Panama Canal?

Mr. WEEKS. I have no objection to that information being obtained, Mr. President.

Mr. JONES. But it would not be obtained under this resolution?

Mr. WEEKS. It would not be.

Mr. SWANSON. Mr. President, I am satisfied that the Naval Committee will consider the resolution very promptly. We desire this information. I do; I desire the investigation and information to be broad, but if we are going to do anything of this kind, it ought to include more than simply what is contained in the resolution. I hope, therefore, that the Senator from Massachu-

setts will consent to the reference of the resolution, and I am satisfied the Naval Committee will promptly report upon it.

Mr. WEEKS. I desire to call the attention of the Senator from Virginia to the fact that we are limited in what we do to the ships which we have available for this purpose. We could not put on steamship lines from every port in the United States to every port in South America or the Orient or Australasia. We must limit ourselves to probably the most profitable route and the route which will enable us to take advantage of the building of the Panama Canal.

Mr. SWANSON. Mr. President, that is true, but it seems to me that all the different routes proposed should be investigated and the various seaport cities ought to have an opportunity to present their claims to Congress, so that full information may be obtained. That is all I ask.

Mr. BRISTOW. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Kansas?

Mr. WEEKS. I yield.

Mr. BRISTOW. May I ask for the reading of that part of the resolution which indicates where these ships are to sail from?

Mr. NORRIS. I ask that the entire resolution may be read.

The VICE PRESIDENT. The Secretary will again read the resolution.

The Secretary again read the resolution submitted by Mr. Weeks.

Mr. BRISTOW. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Kansas?

Mr. WEEKS. I yield to the Senator from Kansas.

Mr. BRISTOW. Mr. President, I would suggest that the Senator modify his resolution, so far as naming the cities of New York and New Orleans is concerned, and say "cities or ports on the eastern or western coast of the United States and South American ports." That will leave the door open to everybody to make a showing, and then the resolution will not have to go to the Committee on Naval Affairs.

Mr. SWANSON. Mr. President, I have an idea that, if the resolution is referred to the Committee on Naval Affairs, we could ascertain what ports it would be advisable to have these boats sail from, and the committee could prepare a resolution that would be more specific than the one now before the Senate, and one which would cover every port that might be suggested. There are hundreds of little ports along the Atlantic and Pacific coasts all of which, of course, could not very well be considered in this connection, but if the resolution were referred to the Committee on Naval Affairs, those interested could prepare a resolution that would be broad enough to cover all phases of the question.

Mr. BRISTOW. Mr. President, certainly the Senator from Virginia would not make the resolution any broader than to include the eastern and western coasts of the United States and the western coast of South America. If the Committee on Naval Affairs should undertake to investigate these commercial matters, they would be at it a year. The proposition of the Senator from Massachusetts is to utilize the commercial vessels which the Navy owns and make them of some practical use to the people of the United States; and it seems to me when Senators begin to haggle about whether the ships shall run from New York or Baltimore or Washington or Norfolk or Newport News, or some other port, we are belittling the whole proposition. I do not expect any of these ships to run from any of the ports in Kansas [laughter], but I am very much in favor of this resolution. I do not care whether the ships sail from New York or Norfolk.

Mr. SWANSON. Mr. President, if the Senator will permit me, it will be practically impossible for the Navy Department to conduct an investigation covering every port in the United States. That would involve delay; it would be impossible to get the information in time to be of practical use; but the investigation ought to cover such ports as are available for this purpose. The object of having the resolution referred to the committee is to secure the information regarding the different ports of the country, so as to cover everything, and not to have it restricted. It is usual for resolutions of this character to be referred to the committee. I wish to say, speaking for myself, that I am in favor of a prompt report on the resolution and in favor of obtaining the information, and I hope the Senator from Massachusetts will consent that the resolution may be referred to the Committee on Naval Affairs.

Mr. TILLMAN. Mr. President, if the Senator from Massachusetts will accept my assurance, I will promise him that the Committee on Naval Affairs will consider the resolution promptly and report it promptly. As naval vessels are involved, I think the Secretary of the Navy and the Committee on Naval Affairs ought to be consulted in reference to the matter and that the resolution should be referred to that committee.

Mr. WEEKS. Of course, Mr. President, the resolution would go eventually to the Secretary of the Navy; but, with the assurance given by the chairman of the Committee on Naval Affairs, I am willing to have the resolution referred to that committee.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution is referred to the Committee on Naval Affairs.

EXHIBIT No. 5.

[Debate in the Senate Aug. 3, 1914, on Weeks bill (S. 5259).]

UNITED STATES NAVY MAIL LINES.

Mr. THORNTON. From the Committee on Naval Affairs I report back favorably without amendment the bill (S. 5259) to establish one or more United States Navy mail lines between the United States and South America, and I submit a report (No. 718) thereon, together with the accompanying document, being the opinion of the Navy Department on the question. I ask unanimous consent for the present consideration of the bill.

The VICE PRESIDENT. The Secretary will read the bill.

The Secretary read the bill (S. 5259) to establish one or more United States Navy mail lines between the United States and South America, as follows:

"Be it enacted, etc., That the Secretary of the Navy is hereby authorized to establish one or more United States Navy mail lines, by employing such vessels of the Navy as in his discretion are available, without impairment to the paramount duties of the Navy, and as are necessary and appropriate, for the purpose of establishing and maintaining regular communication between the east or west coast, or both coasts, of the United States and either or both coasts of South America. The vessels so employed shall carry United States mail, passengers, and freight under such regulations and at such rate or rates as the Secretary of the Navy may prescribe. Such civilians, such officers of the naval auxiliary service, and such officers and enlisted men of the Navy, including officers on the retired list, as the Secretary of the Navy may deem necessary shall be employed in the business of the said mail line or lines, and retired officers of the Navy so employed at sea or on shore shall in all respects be held and considered to be in an active-duty status and shall receive the pay and allowances of officers of the active list of the same rank and length of service: *Provided,* That officers placed on the retired list on account of wounds or disability incident to the service, or on account of age, or after 30 years' service, shall not be ordered to such duty without their consent.

"The enlisted strength of the Navy, as now or hereafter authorized by law, is hereby increased by the number of men required to man the vessels so employed, and the Secretary of the Navy is hereby authorized to enlist such number of men in the Navy for such terms of enlistment, not to exceed four years, as may be desirable, and to distribute the number of men so enlisted among the various ratings of the Navy.

"SEC. 2. That in addition to and as a part of the line of the Navy there is hereby established an active reserve list. Line officers placed on the active reserve list under the provisions of this act shall be held to be in an active-duty status in all respects, except that officers on the active reserve list shall not be advanced on the active reserve list except for eminent and conspicuous conduct in battle or extraordinary heroism, when their advancement thereon for these causes shall be governed by the provisions of law governing the advancement of officers on the active list for like causes. All laws now in effect with reference to the retirement of officers from the active list are hereby extended to include officers on the active reserve list.

"SEC. 3. That sections 8 and 9 of the act approved March 3, 1899, entitled 'An act to reorganize and increase the efficiency of the personnel of the Navy

and Marine Corps of the United States,' as amended by the act approved August 22, 1912, entitled 'An act making appropriations for the naval service for the fiscal year ending June 30, 1913, and for other purposes,' are so far amended that officers who hereafter volunteer or are selected for retirement as therein provided shall be held and considered to have volunteered for transfer to the active reserve list or shall be selected for transfer to the active reserve list, respectively; and the transfer of such officers to the active reserve list in lieu of their retirement shall be made subject to the restrictions imposed by the provisions of the said sections as amended.

"SEC. 4. That in addition to such part of existing appropriations as may be available for the expenses of operating the line or lines herein provided for the sum of \$100,000 is hereby appropriated, to be paid out of any money in the Treasury of the United States not otherwise appropriated, to be expended in the discretion of the Secretary of the Navy for the purpose of organizing, inaugurating, and carrying on the traffic provided for in this act and in defraying the operating expenses incident thereto: *Provided*, That all money received for the transportation of mail, passengers, and freight, as provided in section 1 of this act, and for such other services as may be incident to the operation of the said line or lines, is hereby made available, in addition to the aforesaid sum of \$100,000 herein appropriated, for expenses incident to the proper conduct of the business contemplated in this act: *Provided further*, That any sum of money herein appropriated which remains unexpended at the end of the third fiscal year after the passage of this act, and at the end of each fiscal year thereafter, shall be covered into the Treasury of the United States."

THE VICE PRESIDENT. Is there objection to the present consideration of the bill?

MR. GALLINGER. Mr. President, I will ask the Senator from Louisiana what class of ships in the Navy will be available for this service at the present time?

MR. THORNTON. I will answer that there is a full report from the department covering the question, and I think perhaps it would be better to have it read, so that the Senator will understand.

MR. GALLINGER. We have not an adequate auxiliary Navy. We had not enough ships to accompany our battleship fleet around the world. I can not quite see what ships we are going to utilize without seriously weakening our meager auxiliary fleet.

MR. THORNTON. Mr. President, I will say to the Senator from New Hampshire that the author of the bill is the Senator from Massachusetts [Mr. Weeks], and I think probably he would like to answer any question which the Senator asks; so I will ask him to do so.

THE VICE PRESIDENT. The Secretary will read, for the information of the Senator, the list of ships that the department says can be used.

MR. GALLINGER. I should be glad to have that done.

The Secretary read as follows:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, April 11, 1914.

Hon. B. R. TILLMAN,

Chairman of the Committee on Naval Affairs,

United States Senate.

MY DEAR SENATOR: 1. Referring to Senate resolution No. 317, Sixty-third Congress, second session, I have the honor to forward to your committee a report embodying the information requested.

2. It is practicable, by the use of naval vessels, to carry out the purpose indicated in the resolution, and the following vessels will be available for the service, viz, *St. Louis*, *Charleston*, *Milwaukee*, *Columbia*, *Minneapolis*, *Salem*, *Chester*, *Buffalo*, *Rainbow*, *Ancon*, *Cristobal*, *Hector*, *Mars*, *Vulcan*, *Cyclops*, and *Neptune* (or two equally good), and the *Nanshan*.

3. The *St. Louis*, *Charleston*, *Milwaukee*, *Columbia*, and *Minneapolis* are fast cruisers; the *Salem* and *Chester* are fast scout cruisers; the *Buffalo* and *Rainbow* are transports; the *Ancon* and *Cristobal* are steamers employed by the Panama Railroad Co. to be turned over to the Navy Department; and the others are naval colliers.

4. The cruisers are suitable for carrying only a small number of male passengers—15 to 20 each—and could not be fitted for carrying bulky freight without interfering materially with their military value; but they could carry the mails and a limited amount of express freight and parcels, about 150 tons each.

5. The *Buffalo*, *Rainbow*, *Ancon*, and *Cristobal* are suitable for carrying a limited number of passengers and any kind of freight: *Buffalo*, 20 first-class passengers and 4,000 tons of freight; *Rainbow*, 25 passengers and 2,500 to 3,000 tons of freight; *Ancon* and *Cristobal* each 74 first-class and 32 steerage passengers and between 10,000 and 11,000 tons of freight. The naval colliers are not suitable for carrying any passengers, but are well adapted to a freight service; the first three carrying 6,500 to 10,000 tons each; the two of the *Cyclops* class 10,000 to 12,500 tons of freight and 2,900 tons of fuel oil in bulk each; and the *Nanshan* about 3,000 tons.

* * * * *

JOSEPHUS DANIELS.

Mr. WEEKS. Mr. President, I may add to the statement from the department that there are carried on the Navy list, under the head of "fuel ships," 22 vessels having a total displacement of something like 230,000 tons, varying in size from 6,000 to 19,000 tons. Many of these ships are in active service in connection with the fleet, but they would be available for any service of the character outlined in this bill, if it is passed, provided the fleet were not in actual service on the Mexican coast.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. GALLINGER. Just a word.

Mr. President, this is a makeshift that perhaps we ought to agree to. It is a deplorable fact that our mails to South America, including the official mail, are sent to Europe and transhipped from there to South America, covering 6,000 instead of 3,000 miles by direct line. I can not help saying, however, that it is a makeshift of which we ought not to be proud.

This question of steamship service to South America has been agitated a great deal. I have agitated it myself. The Senator from New York [Mr. Root] has agitated it. Presidents of the United States have agitated it. Both Republican and Democratic statesmen have agitated it. Yet we are without a line from either the Gulf, the Pacific, or the Atlantic coast of the United States to South America.

This bill proposes to put in service a few inadequate ships, if we can spare them from other service; ships that will carry a handful of passengers and a little freight; slow ships, I take it, almost every one of them; and we are to be put in competition with the great countries of the world, with their magnificent steamships, by calling together this conglomeration of third-class or fourth-class ships for this service.

I shall not oppose it, because I think if we can do anything to give us a chance in the markets of South and Central America, we ought to do it; but I can not refrain from saying that it is almost a tragedy that this great country of ours, in its rivalry with these other nations in the effort to secure trade, should be compelled to be handicapped by a fleet, even if we can muster them, of ships that are so inferior and so poorly prepared for the service to which we call them.

As I say, I shall not oppose the passage of the bill; but I shall not vote for it with the sense of gratification and pleasure that I would if it were a proposition to establish a line of steamships that would be a credit to the Government between the North Atlantic coast or the Gulf coast of this country and South America.

Mr. STONE. Mr. President—

Mr. WEEKS. I yield to the Senator from Missouri.

Mr. STONE. Mr. President, the immediate pressing importance of maintaining our mail connections with Central and South America is apparent, and the difficulty of doing so in the way heretofore followed, at least in so far as many foreign mail-carrying vessels are concerned, is likewise apparent.

There can be no difference of opinion as to the importance of some legislation of this kind. This, however, is a bill covering more than one subject, and it is brought before the Senate so suddenly that we have little opportunity for examining or discussing it. I do not wish to object to its consideration nor to oppose its passage; but I should like to know whether, in the opinion of the Senator from Massachusetts, any serious disadvantage would result if the consideration of the bill should be postponed for a day or two?

Mr. WEEKS. Mr. President, this bill results from a resolution which was considered by the Senate three or four months ago. The resolution went to the

Navy Department. The purposes of the resolution were approved by the department, which prepared the bill which is now under consideration. It has not been on the calendar because of the difficulties of getting reports from committees and because we were in a condition where possibly these ships would be needed in Mexican waters. In fact, many of them are on the coast of Mexico at this time; but apparently the time has passed when they are going to be needed for that service, and this is the first practicable opportunity the Naval Affairs Committee has had to consider the bill and to make a report.

If it were possible to have a morning hour every day when legislation of this kind could be considered, or if those who control the legislative program were willing to take up these matters, which I think are of immediate and pressing importance, and give them precedence over legislation which I think ought to be deferred until next winter, I should not feel like urging the Senator not to make an objection against this bill; but I think the sentiment of those who have thought of this legislation and its purposes has been unanimously in favor of the adoption of this proposition. Unless we are going to have an immediate opportunity to discuss it, and to discuss it fully, I hope the Senator will withhold his objection.

Mr. STONE. I have not made any objection.

Mr. WEEKS. No; I understand the Senator has not.

Mr. STONE. And it is not my purpose to object. I simply submit a question to the Senator who is the author of the bill, according to the statement of the Senator from Louisiana.

As to the unfinished business before the Senate, and the bills associated with it, which it is generally understood are to be considered at this session, should be postponed to another session of Congress, that is a question that I do not care now to discuss. We have been over that time and again, and it would be a waste of time, I think, expressing my own opinion only, that in the face of the almost world-wide conditions of tumult now prevailing, and which unhappily we have every reason to believe will be intensely accentuated, any question of this character of such grave international moment could by practically unanimous consent find time for consideration. I do not mean by that there will be need for any undue postponement of the consideration of the trade commission bill or the Clayton bill or any other; but between times it may become necessary, it is very likely that it will become necessary, for the Senate to take up questions like that involved in the pending bill and dispose of them. The public interest and welfare may absolutely require that to be done.

I express the view that there will be no serious difficulty about that. I am informed that a measure is likely to be introduced at an early day in the House of Representatives intended to meet the needs of our commerce arising under the circumstances confronting us. If that measure shall be introduced and come before Congress, I have no doubt it will embrace such matters as are covered by this bill, and which measure as a whole will, I take it, be very much broader and more comprehensive than this measure. If that is true and the attention of Congress is to be directed to a measure of that kind, it occurs to me it might be better to embrace all these questions in one measure rather than to take them up piecemeal.

Mr. President, I simply make that as a suggestion, having no intention, however, of obstructing the passage of the pending bill if it is thought best to proceed with it at this time.

Mr. WEEKS. Let me ask the Senator this question: Even if his supposition is correct, and the press reports indicate that it is, does not the Senator think it might facilitate the action of the House if the Senate had passed this bill which going to the House then might be incorporated, or such part as had value, in the general proposition to which he refers?

Mr. STONE. That might be true; possibly it is true. Before the bill pending is disposed of, if there should be no objection to its consideration, I think it is due to the Senate that the Senator from Massachusetts should, as concisely and briefly as he can, state the general provisions of the bill, so the Senate may be better informed when it comes to vote upon it.

In concluding, Mr. President, I wish to make this observation: I sympathize with what the Senator from New Hampshire has said. With him, I think that the situation confronting us at this time is one that we not only have no reason to be proud of, but one that we might very well be heartily ashamed of. With almost the whole of Europe involved, or about to become involved, in a tremendous conflict, which may be prolonged, resulting almost inevitably in seriously crippling all, and, maybe, destroying many, of their industries, there must of necessity in the near future be a very great demand upon the resources of

this country, agricultural and manufacturing, not only in Europe, but in other parts of the world. Mr. President, a very large commerce has been carried on for years between the South American States and Europe, an immense volume of European productions being sold in the markets of South America, and their respective products have been exchanged in great quantities, and so it seems to me that one manifest effect of this great struggle in Europe will be not only to interrupt, but for an indefinite period to put an end to commercial communication between South America and the great marts of the manufacturing countries of Europe. Without any fault of ours a most opportune time has arisen for the United States to render a great public service and at the same time to enlarge its commercial intercourse with the Republics of the south. But right at this point we are terribly embarrassed by a lack of transportation facilities. The only difference between the Senator from New Hampshire and me, if we came to discuss the subject, which I shall not do now, would arise as to the causes blamable for this condition. It would boot nothing for us to enter upon a discussion of that kind at this time. Whatever the Senator's opinion may be as to the causes, or whatever mine may be, or that of any other Senator, we will all be agreed that by reason of the lack of a merchant marine we face at this time a most unfortunate if not desperate condition in the commercial world.

Mr. NEWLANDS. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Nevada?

Mr. WEEKS. I yield.

Mr. NEWLANDS. If the Senator will permit me, I wish to say that I am very anxious to proceed with the trade commission bill, but I realize that this is a matter of great importance—

Mr. GALLINGER. Of greater importance.

Mr. NEWLANDS. And I would be glad to expedite it, if it can be passed during the morning hour.

I wish to say, Mr. President, in this connection that for many years I have been urging, in the form of resolutions and amendments to pending legislation and bills, the creation of an auxiliary Navy, composed of transports, colliers, scouts, and other ships, which would aid the fighting ships in case of war and would be useful in time of peace in opening up new routes of commerce and as training schools for our merchant marine. This bill is not so ambitious as the project contemplated by the resolutions and amendments which I have offered from time to time, but I regard it as a step in that direction. It is a utilization by the Navy of certain ships now in the Navy for the purpose of opening up commercial routes and mail routes, new routes of transportation through which American commerce can be developed.

We all know that the great difficulty in establishing a merchant marine in the United States is, first, the initial cost of the ships, which, under our protective system, is much larger than that in other countries; and, second, the cost of operation, because of the more liberal wages which we pay. But it is perfectly apparent that, so far as our Navy is concerned, it is a badly proportioned Navy, composed almost entirely of fighting ships and lacking the auxiliary ships necessary to support the fighting ships in case of war, and without the ability upon the part of the United States in case of war to call in the ships of its merchant marine, because, practically, we have no merchant marine.

I look upon this legislation, therefore, as a step in the direction of a larger policy, which will result in the construction by the United States of commercial ships, transports, colliers, ships that can be used for scouts, etc., in time of war and their utilization in time of peace; and I expect that in the progress of events the opening up of these commercial routes through our Navy will gradually lead to the establishment of a substantial merchant marine belonging to the United States.

I am warmly for this measure, and hope that no objection will be interposed against its present consideration.

I should like also to insert in my remarks the resolutions that I have offered and amendments that I have proposed on this subject during previous years, with extracts from previous remarks concerning them.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

Motion made by Mr. Newlands, Fifty-ninth Congress, first session, February 14, 1906:

"That S. 529 be recommitted to the Committee on Commerce, with instructions to report in connection therewith an estimate of the cost of the vessels

required for service in the ocean mail lines provided for in section 6, and as to whether it is practicable for the United States Government to construct such ships as a part of the Navy, supplementary to the warships, to be used as colliers, transports, scouts, etc., in the emergency of war, and as to whether it is practicable to lease such ships to private corporations in times of peace for the service of the mail lines contemplated in section 6, and as to whether it is practicable to organize a naval reserve to be enlisted in the United States in the service of such ships whose wages shall be paid three-fourths by the private corporations leasing such ships and one-fourth by the United States Government; such naval reserves to be composed of citizens of the United States, or those who have declared their intention to become such—and to be subject to the training of naval officers in order to fit them to respond to the call of the Government in case of war, and the rentals received from such ships to form a fund for the gradual enlargement of the number of supplementary ships required by the Navy in case of war, as colliers, transports, scouts, etc., and generally to report the comparative cost of such method of enlarging our merchant marine as compared with the method of subvention provided by section 6."

Amendment to the ship subsidy bill, Sixtieth Congress, first session, offered by Mr. Newlands on March 20, 1908:

"That the Secretary of the Navy, the Postmaster General, and the Secretary of Commerce and Labor shall hereafter constitute a commission to be known as the Foreign Commerce Commission, and that they are hereby authorized to provide for the construction, either in the private shipyards of the country or in the shipyards of the Navy, or both, of 27 vessels, not exceeding 6,500 tons capacity each and costing in the aggregate not exceeding \$27,000,000; that such vessels shall be so constructed as to be useful to the Navy as auxiliary vessels, such as transports, colliers, dispatch boats, cruisers, and scouts, and also useful in times of peace in opening up new routes of commerce between United States ports and the ports of South America, New Zealand, Australia, and the Philippines; that such commission make to Congress such recommendations as to it seem advisable regarding the manning of such vessels in whole or in part by the Naval Reserve and the leasing of them so manned in times of peace to shipping companies for the purpose of promoting foreign trade and commerce, and for the incorporation of such shipping companies under national law, and for reports on their operations."

Amendment offered by Mr. Newlands to the ship subsidy bill, Sixtieth Congress, first session, April 27, 1908:

"For an auxiliary navy consisting of transports, colliers, scouts, dispatch boats, and other vessels necessary in aid of the fighting ships in case of war, \$20,000,000, and the Secretary of the Navy, the Secretary of Commerce and Labor, and the Postmaster General are hereby constituted a commission to recommend to Congress a plan for utilizing such ships in times of peace."

Amendment offered by Mr. Newlands to the naval appropriation bill, Sixtieth Congress, second session, February 15, 1909:

"Strike out the clause relating to battleships, page 68, lines 14 to 21, inclusive, and insert: 'That for the purpose of increasing the efficiency of the Naval Establishment of the United States the President is authorized to have constructed such auxiliary ships, including transports, colliers, dispatch boats, cruisers, and scouts, as will be necessary in case of war to support the fighting ships, at a total cost not to exceed \$12,000,000; and that the President make such recommendations to Congress as to him seem advisable regarding the manning of vessels belonging to such auxiliary navy, in whole or in part, by the Naval Reserve and the leasing of them so manned in times of peace to shipping companies for the purpose of promoting foreign trade and commerce.'"

In the Sixty-first Congress, second session, on June 10, 1910, Mr. Newlands introduced S. 3721, to authorize the construction of auxiliary ships for the Navy:

"A BILL (S. 3721) Providing for the construction of auxiliary ships of the Navy and for their use in times of peace in opening up new routes of commerce.

"Be it enacted, etc., That the Secretary of the Navy, the Postmaster General, and the Secretary of Commerce and Labor shall hereafter constitute a commission to be known as the Foreign Commerce Commission, and that they are hereby authorized to provide for the construction, either in the private shipyards of the United States or in the shipyards of the Navy, or both, of 30 vessels, not exceeding 6,500 tons capacity each and costing in the aggregate not exceeding \$30,000,000; that such vessels shall be so constructed as to be useful to the Navy

as auxiliary vessels, such as transports, colliers, dispatch boats, cruisers, and scouts, and also useful in times of peace in opening up new routes of commerce between United States ports and the ports of South Africa, South America, New Zealand, Australia, and the Philippines; that such commission make to Congress such recommendations as to it seem advisable regarding the manning of such vessels in whole or in part by the Naval Reserve and the leasing of them so manned in times of peace to shipping companies for the purpose of promoting foreign trade and commerce, and the incorporation of such shipping companies under national law, and reports of their operation."

In the Sixty-first Congress, third session, on February 2, 1911, Mr. Newlands offered the following as an amendment to the ship-subsidy bill:

"That the Secretary of the Navy, the Postmaster General, and the Secretary of Commerce and Labor shall hereafter constitute a commission to be known as the Foreign Commerce Commission, and that they are hereby authorized to provide for the construction, either in the private shipyards of the United States or in the shipyards of the Navy, or both, of 30 vessels, not exceeding 6,500 tons capacity each and costing in the aggregate not exceeding \$30,000,000; that such vessels shall be so constructed as to be useful to the Navy as auxiliary vessels, such as transports, colliers, dispatch boats, cruisers, and scouts, and also useful in times of peace in opening up new routes of commerce; that such commission make to Congress such recommendations as to it seem advisable regarding the manning of such vessels in whole or in part by the Naval Reserve and the leasing of them so manned in times of peace to shipping companies, or otherwise utilizing them for the purpose of promoting foreign trade and commerce."

Extract from Senate resolution No. 41, Sixty-second Congress, first session, introduced by Mr. Newlands, May 11, 1911:

"Resolved, That it is the sense of the Senate that during the extra session legislation should be enacted upon the following subjects:

• • • • •
 "(7) Providing for the upbuilding of the American merchant marine by free entry to American registry of all ships, wherever constructed, and by the construction of auxiliary ships for our Navy, to be used in time of war in aid of the fighting ships and in time of peace in establishing new routes of commerce through lease to shipping companies; such legislation to involve the temporary diminution of the construction of fighting ships and the substitute of auxiliary ships, with a view to the creation of a well-proportioned and self-sustaining Navy."

Extract from Senate resolution No. 159, offered by Mr. Newlands, Sixty-second Congress, second session, December 7, 1911:

"Resolved, That it is the sense of the Senate that during the present session the appropriate committees shall consider and Congress enact legislation upon the following subjects:

• • • • •
 "Twelfth. Providing for the construction of auxiliary ships for our Navy, to be used in time of war in aid of the fighting ships and in times of peace in establishing necessary service through the Panama Canal and new routes of commerce to foreign countries through lease to shipping companies; such legislation to involve the temporary diminution of the construction of fighting ships and the substitution of auxiliary ships, with a view to the creation of a well-proportioned and efficient Navy."

Extract from Senate resolution No. 4, introduced Sixty-third Congress, special session of the Senate, by Mr. Newlands, on March 13, 1913:

"6. Resolved, That the Committees on Military and Naval Affairs report at as early a date as possible during the extra session upon the following questions:

• • • • •
 "(b) A plan for the construction of auxiliary ships for the Navy, to be used in time of war in aid of the fighting ships and in time of peace in establishing necessary service through the Panama Canal and new routes of commerce to foreign countries through lease to shipping companies; such legislation involving the temporary diminution of the construction of fighting ships and the substitution of auxiliary ships with a view to the organization of a well-proportioned and efficient Navy."

Mr. GALLINGER. Will the Senator from Massachusetts yield to me for a moment?

Mr. WEEKS. I yield.

Mr. GALLINGER. Mr. President, as I said a moment ago, I am not going to oppose any proposition that promises us any reasonable degree of relief. I have no apologies to make for my attitude on this great question of the merchant marine. The Senator from Missouri [Mr. Stone] wisely says this is not the time to discuss the causes which led to the decay of our merchant marine. The Senator and I have crossed swords before on that proposition. When the more comprehensive and, as I think, the more important bill that is promised us, according to the newspapers and in accordance with the suggestion of the Senator from Missouri, comes before the Senate I may have something to say on the general proposition. I have no disposition to say it now.

Mr. President, I have on my desk four speeches of greater or less importance, and probably of less importance rather than greater, which I have made in this Chamber, and I am gratified to observe that in those speeches, among other things, I called attention to two possible complications which might arise if we did not have an adequate merchant marine. One was that in the event of a great European war we would not have any ships to transport the products of our farms and our factories. Those are the words that I used. That is exactly the situation which confronts us at this very moment. The other suggestion I made was that in the event of a war between a great foreign nation and our Nation we would have no adequate auxiliary ships to supplement our battleship fleet, and that is exactly the situation which exists to-day.

This proposition takes some of the few auxiliary ships we have and puts them into commercial work, and if they can be called back to the Navy when they are needed no substantial harm, as I see it, will be done. But, as I said a moment ago, it is a pitiable situation; it is a pitiable proposition, considering the great emergency which is upon us. The Senator from Missouri properly says that this great war will interrupt trade between South America and the European countries. That is inevitable, and if we only had adequate steamship lines between the United States and South America, there would be a boom in American trade which would astonish not only our own people but the world. I have labored, in season and out of season, to have our country prepared for this very emergency, but I labored in vain.

If this makeshift can do some good, if it can accomplish something for American trade and American commerce, of course we ought all to agree to it; and I certainly shall vote for it.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. WILLIAMS. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Mississippi?

Mr. WEEKS. I yield.

Mr. WILLIAMS. I thought the Chair had asked if there was any objection to the passage of the bill, and I thought I had a right to the floor in my own name.

The VICE PRESIDENT. The Chair is not always correct. The Senator from Massachusetts had the floor, and he has been yielding.

Mr. WILLIAMS. I will wait until the Senator from Massachusetts is through.

Mr. STONE. Mr. President—

Mr. WEEKS. I will yield to the Senator from Missouri.

Mr. STONE. If the Senator from Massachusetts will allow me, I should like to put into the Record without reading an article clipped from a New York paper of yesterday morning, from Mr. Lewis Nixon, in respect to this very situation.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The matter referred to is as follows:

"OUTLINES WAY TO PROTECT COMMERCE OF AMERICA—LEWIS NIXON, STUDENT OF THE MERCHANT MARINE, SAYS PRESIDENT CAN ACT UNDER AMENDED PANAMA CANAL ACT TO PROVIDE NECESSARY VESSELS—EMERGENCY CALLS FOR IMMEDIATE ACTION.

"Lewis Nixon, for 25 years one of the closest students of the American merchant marine and active in promoting its regeneration, presented yesterday a series of arguments to show what can be done in the present emergency to meet the imperative needs of American commerce and to forestall another such predicament as now faces this country through lack of ocean shipping facilities.

"He finds in the Panama Canal act full authority for action, and suggests that an amendment suspending during national emergencies the five-year limit

placed by that law on purchase of foreign ships would place in the hands of the national administration the fullest opportunities to protect American foreign trade in supplying bottoms for its transportation and at the same time keep foreign ships out of the American coastwise trade, which they have sought for a generation to invade.

"In the past, when just such a contingency as now exists was suggested,' Mr. Nixon said, 'the idea was ridiculed. The United States can never be dependent upon her own ships, they said. It is better to have foreigners do our ocean carriage, because they can do it cheaper, was the argument.

"Naturally the foreign interests so well served by such sophistry keep their grinding hand upon legislation and never permit any legislation favorable to American shipping to slip through. They got free ships in the foreign trade in the Panama Canal act. But they had to be available for governmental purposes in time of war, so as yet this has not been availed of.

"UNDERWOOD BILL EMASCULATED.

"The Underwood bill as first drawn would have brought into play the successfully tried policy of discriminating duties, but this being seen, cunningly suggested changes caused the emasculation of its constructive features.

"A tremendous revival would have followed the earlier draft of the Panama Canal act as it passed the Senate, as this provided free tolls in the foreign trade; but the influence of foreign countries, exerted through those who profit by it here, had this changed in the House, and even free tolls in the coasting trade have now been given up.

"The pretext of war's reprisals in the Boer War put up freights and insurance in such way as to make our people pay largely for that war.

"A small section on the west coast paid more than \$2,000,000 increase in freight and insurance rates on this account. A European Government would have called the influences that levied such tribute of us to sharp account, but we seem supine and helpless as soon as foreign transportation is mentioned.

"However, we are now faced with a situation that will destroy even the potentialities of our great harvest of this year. It will be wanted at high prices. The productive capacity of European countries, except Russia, will be demoralized for some time, even though the war does not burst into full flame.

"So we must send forth our freights and our people. In 1910, at Buenos Aires, I started a movement at the Pan American Conference to make the Western Hemisphere independent. It is to be hoped that the lesson may now be brought home and that the studies of a lifetime may no longer be sneered at as academic.

"WESTERN HEMISPHERE TO SUFFER.

"The Western Hemisphere will suffer terribly from the withdrawal of transportation facilities from both North and South America.

"What can be done immediately, and what are the dangers?

"In the Panama Canal act we have already power to buy foreign ships and run them in the foreign trade under the United States flag. They must not be more than five years old. This was to prevent our becoming the dumping ground or junk heap for old and worn-out vessels which, if sold, would furnish money to our rivals to buy up-to-date vessels with which the old ones could not compete. We can not get enough vessels under existing conditions to do our work.

"The great tank vessels of the Standard Oil Co. could carry grain in bulk if it be not contraband, but they could take our grain to some neutral port. But these are only a handful. The new vessels of the United Fruit are splendid boats and could take care of a small part of the passenger traffic. As regards our coasting trade, the vessels there could be attracted off at a price, but the people would pay it many times over in railroad rates.

"We must not relinquish the slight hold on West Indian and Mexican trade, upon which Canada, with common-sense banking and commercial laws, is making such inroads.

"So we are face to face with the problem of attracting foreign vessels that war conditions limit in profit making to purchase by Americans, for they must be owned outright.

"POWER FOR THE PRESIDENT.

"The Congress should empower the President, when a condition exists which interferes with free navigation of the oceans to such an extent as to militate against the country's interests, to permit the registry of foreign vessels

owned entirely by American citizens or State corporations. This would require only that the limit regarding age should be omitted at the President's discretion. Of course when the alarm of war was ended he would permit no more such entries.

"No age limit should be stated in such amendment at all, as there are vessels 20 years and older that with the use of modern appliances in machinery could render us needful service under existing conditions."

Mr. JONES. Mr. President—

Mr. WEEKS. I yield to the Senator from Washington.

Mr. JONES. I wish to ask the Senator from Massachusetts what provision the bill makes with reference to the establishment of these lines; that is, the sailing points of ships.

Mr. WEEKS. Replying to the Senator from Washington, the bill does not provide anything definite about the sailing points of the ships or how many lines shall be established; it leaves it optional with the Secretary of the Navy to use such vessels as are available for the purpose to establish and maintain lines as from the west coast of the United States to the east coast of South America, through the canal, or from the east coast of the United States to the west coast of South America, through the canal.

Mr. JONES. Does it confine the Secretary to establishing lines from points on the west coast to the east coast of South America? Would it prevent him from establishing a line from points on the west coast of the United States to points on the west coast of South America also?

Mr. WEEKS. I will read the wording of the bill, and the Senator can judge for himself. In regard to the discretion which I have spoken of the bill says:

"That the Secretary of the Navy is hereby authorized to establish one or more United States Navy mail lines, by employing such vessels of the Navy as in his discretion are available, without impairment to the paramount duties of the Navy, and as are necessary and appropriate for the purpose of establishing and maintaining regular communication between the east or west coast, or both coasts, of the United States and either or both coasts of South America."

Mr. JONES. Does the bill make any provision with reference to taking care of any trade that may be established, if these boats should have to be taken off the trip lines?

Mr. WEEKS. It can not make provision for that, because under such conditions the Government would have no means of carrying on the trade. It must be remembered that these are naval vessels, that their primary purpose is use in time of war, and that this plan proposes to make some commercial use of them in time of peace. If war should break out, then necessarily they must be withdrawn from the service which they are in.

Mr. JONES. So it is simply a makeshift.

Mr. WEEKS. It is a makeshift.

Mr. JONES. But as a makeshift, if it works out some good, of course, we will be glad to have it; it will be better than nothing.

Mr. THOMAS. Mr. President—

Mr. WEEKS. I yield to the Senator from Colorado.

Mr. THOMAS. Mr. President, I will not make any objection to the immediate consideration of this bill, but in view of the conditions which are now prevalent in Europe and which, as the Senator from Missouri [Mr. Stone] well says, are probably going to become worse and interfere with, if not destroy, trade relations between Europe and other countries, I venture to suggest to the Senator from Massachusetts the propriety of removing a restriction in the bill. In the bill as it is drawn, communication may be had between ports of the United States and those of other countries. I think it is a step in the right direction, and while it may be a makeshift, I feel very sure that the experiment is going to be so satisfactory that it will lead sooner or later to the establishment of lines operated by the Government itself, a policy which I have always favored and which I hope to live to see inaugurated.

Mr. WEEKS. In view of the suggestion made by the Senator from Missouri [Mr. Stone] that there is under consideration in the other House, or in a committee of the other House, legislation more comprehensive than that which we are now considering, I think we may safely, if we do it at all, pass the bill in its present form, with the expectation that it will be extended or changed to conform to the conditions which have arisen since the bill was introduced.

Mr. THOMAS. Very well, Mr. President; I will defer to the Senator's superior judgment concerning the subject, but I hope the bill will be immediately considered and passed.

Mr. WILLIAMS. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Mississippi?

Mr. WEEKS. I yield.

Mr. WILLIAMS. I thought the Senator was through. I wanted to say something upon the bill itself. I did not want to ask a question.

Mr. JONES. I wish to ask the Senator from Massachusetts another question. I note that the bill provides that the passengers, mail, and freight shall be carried "under such regulations and at such rate or rates as the Secretary of the Navy may prescribe," leaving the matter of rates entirely to be fixed by the Secretary regardless of the question whether they are reasonable or not. Was there any consideration given to the question in committee as to whether rates which are reasonable should be provided?

Mr. WEEKS. I am not a member of the Naval Committee, and I can not tell whether that subject was discussed or not; but necessarily we can not fix rates unless we know what ships are going to be used, how they are going to be used, from what ports they are going to start, and to what ports they are going to run; and unless Congress fixes the rates in the law, we must leave the authority to some one to make the rates.

Mr. JONES. Does the Senator think we ought to leave to the Secretary of the Navy the fixing of the rates without prescribing some rule by which he shall be governed?

Mr. CLAPP. If the Senator will pardon an interruption, of course this being our own property there would be no tribunal to pass upon the reasonableness of the rates charged, and it was thought to be just as well to leave it to the Secretary without any limitation, because there could be no limitation that would not be left to the discretion of the Secretary. There being no power above that to review his judgment, it was thought best to put it in that form. That is the reason why it was put in that shape. That applies only to freight, of course.

Mr. WEEKS. If the Senator from Mississippi wishes to discuss the bill, I will yield the floor to him for that purpose.

Mr. WILLIAMS. Has unanimous consent yet been given for the present consideration of the bill?

The VICE PRESIDENT. Unanimous consent has not yet been given.

Mr. WILLIAMS. Mr. President, reserving the right to object, I want to make a few remarks and to suggest an amendment or two to the Senator from Massachusetts.

It is a time-worn phrase that emergencies give rise to bad law. We are facing now a great emergency; there is no doubt about that. Our wheat is accumulating and the countries of Europe are wanting it, and it can be sent to them only at immense risk and at immense expense. Insurance rates are almost prohibitive.

I would have no objection to the passage of this bill if it went through as a temporary measure; if it recited that it was to be in force during the pendency of the present European war. To make permanently of our sailors a set of stevedores and handlers of freight, when they are enlisted for other purposes, or to enlist men in the Navy with the rank of sailors whose business shall be to handle freight, and to make that a permanent policy of the United States, seems to me to be very objectionable.

Mr. WEEKS. Mr. President, if the Senator will permit me the suggestion, sailors on seagoing ships never handle freight in this day. Freight is handled by stevedores, who are shore men, at both ends of the line. Sailors run the ship and have nothing whatever to do with handling the freight at either end of the voyage.

Mr. WILLIAMS. Well, I believe the Senator is right about that; in fact, he must be, because he knows precisely about it, and I think that I, too, knew that, but had temporarily overlooked it. You are proposing, however, to take sailors of the United States, in the uniform of the United States, and put them to work on a freight vessel. If the Senator from Massachusetts is willing, I suggest that on line 5, page 1, right after the last syllable of the word "employing," which occurs at the beginning of that line, to insert the words "during the pendency of the present European war," until Congress can make permanent provision in a more satisfactory way than this.

Then, I would suggest to the Senator another amendment, to strike out the period on line 10, page 1, and to add the words "and between the United States and the countries of Europe." The bill at present would enable the naval ships that are temporarily to be engaged in carrying mails and passengers and freight,

to maintain "regular communication between the east or west coast, or both coasts, of the United States, and either or both coasts of South America." The crying need right now is to get our foodstuffs to Europe in neutral ships.

I, myself, think a much more satisfactory way of dealing with this crisis would have been to have passed a joint resolution putting into the hands of the United States Government a given sum of money to buy ships of belligerent powers that will be laid up in our ports and be for sale cheap, and during the war, at any rate, granting authority to the Government to lease them to people who would operate them, or otherwise, to satisfy the present emergency; but I do not want to stand in the way of anything that anybody thinks will help out. It seems to me if the Senator will add, at the point I have indicated, the words "and between the United States and the countries of Europe," he will broaden the scope of his bill and will meet the immediate exigencies much more fully. Then, if he accepts the previous amendment, he will make the bill temporary in its character; it will appear simply as an emergency bill.

Mr. WEEKS. Mr. President, I do not know that the Senator from Mississippi heard the suggestion made by the Senator from Missouri [Mr. Stone], that in the other House there is now in contemplation legislation much broader in its scope than this.

Mr. WILLIAMS. That is the very reason I want this to be temporary.

Mr. WEEKS. The reason why this bill was originally suggested to my mind was that we are about to open the Panama Canal. No attempt has been made by American citizens or American capital to provide a line of steamers which can make use of the canal. It seems to me a shameful condition for us to be in, not to have a line of steamers or lines of steamers from the United States to the east and the west coasts of South America ready for service when the canal is ready for business.

Mr. WILLIAMS. Mr. President, I heard the remarks made by the Senator from Massachusetts upon a previous occasion when this matter was up, and, frankly, he and I do not agree about that. I do not agree with any idea of making a part of the United States Navy freight handlers or passenger or mail carriers as a permanent policy of the United States Government.

Mr. WEEKS. Mr. President, I do not wish the Senator from Mississippi to understand that I approve of that as a general policy either; I do not; but I am trying to take advantage of the situation with the only means we have at hand to do it.

Mr. WILLIAMS. I should like to ask the Senator if he would not agree to both these amendments, the one making this legislation applicable during the pendency of the present European war, and the other amendment making it possible now to use these ships across the Atlantic to European countries as well as to the other coast of North America and the east and west coasts of South America?

Mr. WEEKS. I will agree to the second one of the amendments. The Senator will note from a reading of the bill that whether or not these lines are established or maintained is entirely in the hands of the Secretary of the Navy; if other means of transportation are furnished by private capital, these ships can be withdrawn at any time; but I think it would be inadvisable to enter upon this enterprise for the comparatively brief time which may ensue between now and the termination of the European war. I hope the Senator will not press the amendment which he has suggested making the application of the bill temporary.

Mr. WILLIAMS. Mr. President, if the Senator from Massachusetts accepts the second of the two amendments, then I shall not object to the immediate consideration of the bill; but when the bill is read and considered by the Senate, I will move to amend it by offering the first amendment as well as the second amendment.

Mr. GALLINGER. Will the Senator state the second amendment? I did not hear it.

Mr. WILLIAMS. The second amendment is to insert the words "and between the United States and the countries of Europe," so that the vessels proposed to be used shall be available for trans-Atlantic service. The main thing, I think, we ought to have in view now is getting our breadstuffs across the sea at high prices when people are needing them.

Mr. WEEKS. I will call the attention of the Senator from Mississippi to the fact that we have something like 225,000 tons of auxiliary craft connected with the Navy that could be used for that purpose.

Mr. WILLIAMS. That is all the greater reason for extending the scope of the bill.

Mr. WEEKS. I accept the second amendment suggested by the Senator from Mississippi.

Mr. WILLIAMS. Very well. Then, I shall not object to the immediate consideration of the bill; but I repeat that when the bill is up for consideration I shall move the first amendment.

Mr. NORRIS. Mr. President, I should like to know what the second amendment is. I think the Senate ought to know something about this bill.

Mr. GALLINGER. Let the amendment be stated.

The VICE PRESIDENT. The Secretary will state the second amendment proposed by the Senator from Mississippi.

The SECRETARY. The second amendment is, on page 1, line 10, after the words "between the east or west coasts, or both coasts, of the United States and either or both coasts of South America," to insert the words "and between the United States and the countries of Europe."

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. LEWIS. Mr. President, pending the submission of the request for unanimous consent, may I be permitted to interrupt the Senator from Massachusetts to make an inquiry? I desire to say that some time ago I introduced a bill in this body having for its object the construction by the Government of 100 ships, to be built by the Government and leased to private operators, for purposes similar to those certainly implied by the pending bill. I desire to ask the Senator if there is any provision in this bill that permits the President to have the discretion as to when these vessels may be impressed into the service of the Government should any necessity require, while they are being used for commercial purposes?

Mr. WEEKS. Mr. President, that power is left in the hands of the Secretary of the Navy. The vessels may be recalled at any time for their primary purposes, which is the service of the Government.

Mr. LEWIS. Such being the provision of the bill introduced by me, that was the information I sought at this time, and I am satisfied with it.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The VICE PRESIDENT. Is there objection to the amendment proposed by the Senator from Mississippi? In the absence of objection, the amendment is agreed to. The bill is in the Senate as in Committee of the Whole, and open to amendment.

Mr. WILLIAMS. I now move the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. After the word "employing," in line 5, page 1, it is proposed to insert "during the pendency of the present European wars."

Mr. WILLIAMS. Mr. President and Senators, I have already stated my reasons for that amendment, and I think the reasons are conclusive. I do not think the policy of having the Navy used for the purpose of freight handling and passenger transportation and mail carrying is a policy which should recommend itself to the people of the United States, as a permanent thing. A great emergency and a great crisis excuse bad legislation, if it is temporary, when it accomplishes a purpose which seems essential for the country; but I think it bad policy to put upon the statute books this sort of legislation, especially when you consider the provision on page 2, which reads:

"The enlisted strength of the Navy, as now or hereafter authorized by law, is hereby increased by the number of men required to man the vessels so employed, and the Secretary of the Navy is hereby authorized to enlist such number of men in the Navy for such terms of enlistment, not to exceed four years, as may be desirable, and to distribute the number of men so enlisted among the various ratings of the Navy."

When you consider that that clause is in the bill giving the Secretary of the Navy a power to increase the Navy to indefinite extent—while it is a power that might be given in the face of a great crisis, to give it to one of the executive departments permanently strikes me as almost as bad policy as the other feature to which I referred, to wit, the converting of a part of the Navy into freight handlers.

There is a great deal in the esprit du corps of a body of men serving in the Army and Navy. Men enlist in the Army or the Navy because they regard that as a noble and patriotic pursuit; they have not enlisted, and probably would not enlist, if they were to go upon ships that were to be freight handlers and passenger carriers. That pride which the sailor has in his business, which is his country's business and which ought to be a public business, entirely devoted to the meeting of the enemies of his country, ought not to be torn down; and this sort of policy does tear it down to a very large extent. It decreases the sailor's self-respect. I might be willing to go into the Navy and serve there or into the Army, but I would not be willing in either capacity to go and do something else that had nothing to do with the profession of arms. So I think it is but right and proper that this measure should be confined to the emergency that is now facing us.

I have no doubt of the fact that every sailor in the Navy will be glad to do this service for the country in time of war or in time of the possibility of war as affecting his own country, or in times of war between other peoples; but, speaking for myself, if I were one of the enlisted men of the Navy, that would strike me as having taken a very unfair advantage of me.

Mr. HITCHCOCK. Mr. President, will the Senator yield?

Mr. WILLIAMS. Yes.

Mr. HITCHCOCK. Does the Senator think that any officers or men in the Army have felt that they were being degraded by being put to a useful purpose?

Mr. WILLIAMS. Oh, no.

Mr. HITCHCOCK. The officers of the Army of the United States are in charge of the engineering work on our rivers and harbors.

Mr. WILLIAMS. Yes; but the enlisted men of the Army do not go down and build the levees.

Mr. HITCHCOCK. If the Senator will allow me to finish. They have been in charge of the engineering work on the Panama Canal.

Mr. WILLIAMS. I know that.

Mr. HITCHCOCK. They have been in charge of the engineering work recently on irrigation projects.

Mr. WILLIAMS. I know that.

Mr. HITCHCOCK. They have built wireless telegraph lines to Alaska.

Mr. WILLIAMS. Yes.

Mr. HITCHCOCK. And cable lines to the Philippine Islands.

Mr. WILLIAMS. Yes.

Mr. HITCHCOCK. And I can see no reason why the officers and men engaged in an honorable pursuit, carrying on a very worthy enterprise for the people, should feel degraded for being used for that purpose.

Mr. WILLIAMS. Mr. President, the illustrations which are furnished by the Senator from Nebraska "have nothing to do with the case," any more than "the flowers that bloom in the spring." An Army officer who performs engineering work is doing work in the line of his chosen profession, of which he is very proud. When an officer goes upon the Mississippi River Commission or the Panama Canal Commission and takes charge of great engineering undertakings, or when he goes to Alaska, for example, to lay out the line of the railroad which is to be built there and to supervise its construction, it is a part, and the very proudest part, of the profession which he has embraced. He is not only an officer but he is an engineer, and he is doing engineering work for his country. That is a totally different thing from putting soldiers to work building levees. If you should carry it that far, the soldier would feel that he had been taken advantage of.

I do not mean that the work degrades. The man who is building a levee is just as good a citizen and doing just as useful work as a soldier wearing the uniform of the United States, but one of them wanted to volunteer to build levees and to get paid for it, while the other wanted to volunteer to wear the uniform of his country in a position where his pay does not amount to anything or is so small that it does not enter into it as a consideration at all. I hope that the amendment making the provisions of the bill temporarily will be adopted by the Senate.

Mr. WEEKS. Mr. President, this bill was introduced long before there was any expectation of European trouble. It has been extended by the amendment offered by the Senator from Mississippi, so that the ships may be used to assist in preventing any distress which may arise on account of our people being unable to get transportation from Europe. But the purpose of the bill is not tem-

porary; the purpose of the bill is to establish, until private capital undertakes to do so, a line of steamers to South America. So I hope the amendment offered by the Senator from Mississippi will not prevail.

Mr. SMITH of Georgia. Mr. President, I think that it is extremely wise to pass this bill, and to pass it at once; and, in connection with passing it, we may well consider the responsibility which falls upon us even beyond this bill. I think the responsibility falls on this Congress to see that provision is made to insure the transportation of the agricultural products and the manufactured products of this country during the war, if it shall last. It is very timely to pass this measure; and I hope that that committee of the Senate which would naturally have jurisdiction of this subject and that Senators generally will consider the question of enacting legislation that will facilitate the movement of all of our wheat which must go abroad, the movement of all our cotton and tobacco that must go abroad, and the movement of the manufactured products as well. I do not think any subject can be considered by us that is of greater importance, and I believe it is our duty to see that such legislation is passed.

Mr. WILLIAMS. Mr. President, I wish to modify my amendment, by unanimous consent, by adding to it the words "and for the period of three months thereafter," because there might be some question as to just when the European wars did close. I ask unanimous consent to modify it to that extent, so that it shall read "during the pendency of the present European wars and for the period of three months thereafter."

Mr. WEEKS. My objection would rest in the same way against the amendment as modified.

Mr. NORRIS and Mr. CLAPP addressed the Chair.

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Nebraska?

Mr. WEEKS. I yield first to the Senator from Nebraska.

Mr. NORRIS. I was not aware that the Senator from Massachusetts had the floor. I thought I was entitled to the floor in my own right.

Mr. CLAPP. I addressed the Chair.

The VICE PRESIDENT. The Chair will recognize the Senator from Minnesota, for a change.

Mr. CLAPP. What I desired to say was this—

Mr. WEEKS. Have I not the floor, Mr. President?

The VICE PRESIDENT. The Senator from Massachusetts yielded to the Senator from Mississippi. The Senator from Mississippi desired to take the floor and speak on the bill, and the Senator from Massachusetts said he would yield to him.

Mr. WEEKS. I suppose I took the floor again.

Mr. CLAPP. The Senator can take it again.

In response to what the Senator from Georgia said, I desire to make this suggestion: Is it not possible that we are drifting away from the real purpose of this bill, and yet in connection with the real purpose of the bill we can serve the purpose of the hour that has so suddenly arisen? By amending the bill so as to use these vessels in trade with other nations we meet this sudden emergency. I do not believe we should permit that sudden emergency to draw us away from the real purpose of this bill, which is to take these vessels as they can be utilized from time to time and put them into the channels of trade. This would not at all conflict with the suggestion of the Senator from Georgia that, in addition to this, we ought at this time to take up the question of meeting more fully the European situation.

So I hope we will pass this bill with the amendment already offered by the Senator from Mississippi, which makes the bill applicable to the new condition, still maintaining the original theory and purpose of the bill, and not interfering at all with the committee taking up at this time the earnest consideration of making other necessary provision to meet the condition due to the war in Europe.

Mr. NORRIS. Mr. President, there is very much that I should like to say on this bill were it not so near the close of the morning hour; but, inasmuch as I do not want to be instrumental in bringing about its defeat by delay, I shall not consume much of the time and shall not be able to say what I should like to say on this occasion.

I am delighted to hear so many Senators express themselves in favor of the principle involved in this bill. I remember that for several years I have

been trying to get, as an amendment on various bills, something similar to this—to have the ships leased to the Panama Railroad Co., a corporation already engaged in commerce, and use them for the identical purposes that are provided for here. I have always met with such terrible opposition, however, from many of the men who now seem to be favorable to this idea that it affords me a great deal of pleasure to recognize the conversion of so many legislators to the idea that we ought to take advantage of the opening of the Panama Canal by providing Government ships for the purpose of engaging in commerce between the ports of North and South America.

On the 24th day of January I offered an amendment to the then pending Alaska railroad bill providing for the building of 10 ships, I think, that should be leased to the Panama Railroad Co., and should be used by them in commerce between the ports of North and South America. The amendment was debated at considerable length, and had only 11 votes in its favor when it finally came to a vote. An examination of the roll call on the amendment on that day will disclose that many who seemed to be opposed to the idea then are favorable to it now.

Shortly afterwards, within a very few days after that amendment was defeated, the junior Senator from Massachusetts [Mr. Weeks] introduced a resolution that was the forerunner of the bill that is now before the Senate. It was reported to the Senate a few days later by the senior Senator from Massachusetts [Mr. Lodge], and that resolution was passed, calling on the Secretary of the Navy for information. The Secretary of the Navy seemed to be favorable to it and the result was a favorable report and this bill, which was then introduced and referred to the Committee on Naval Affairs and is now reported back to the Senate with a unanimity both of the committee membership and of the membership of the Senate, that assures its passage within the next few moments.

Mr. WEST. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Georgia?

Mr. NORRIS. I yield to the Senator for a question.

Mr. WEST. That is all I wish to ask. If the 10 ships referred to were built and run in conjunction with railroads in Alaska, would not that come under the same objection as to these trans-Atlantic railroads having vessels to run through the Panama Canal?

Mr. NORRIS. The Senator must understand—and I presume the Senator does understand—that the stock of the Panama Railroad Co. is owned entirely by the United States. I think it would have been much better to have provided that these ships should be leased to the Panama Railroad Co. and operated by them. They are Government boats. The Government owns all the property of the Panama Railroad Co., but it is a regular corporation organized under the laws of the State of New York. It would have been much better to have permitted that corporation, already engaged in commerce, already the owner of ships and of a railroad, to have operated these ships in the regular business way between the ports of North and South America. It was said then, however, "Why, that is going into Government ownership; that is approaching socialism," and some said, "That is almost anarchy." We have advanced so rapidly, however, that now we come to the proposition that we will eliminate this intermediary corporation and turn the matter over to the Secretary of the Navy, who is to be supreme in the rates he shall charge, the ports he shall make, and the ships he shall use. He can do anything he pleases. He can commence where he likes and stop where he pleases.

That is better than nothing, I think. I have faith in the Secretary of the Navy. I believe he will take up this work in a good, businesslike way, and accomplish something. I think, however, it would have given the project a much better show in the business world and would have developed our commerce very much better if we had turned it over to a corporation controlled by the Government already, and for a good many years engaged in commerce, and whose business it is to deal in things of this kind.

The proposition to let the Government build ships—and the Government has built the ships, or some of them, and owns all of them—and turn them over to the Panama Railroad Co. was objected to, as I have said, because it looked like Government ownership. That did not appeal to me. If it was a good thing, whether it was Government ownership or not, it seemed to me that it was

proper. It seemed to me that it was the proper way to develop commerce between North and South America. The provision that I offered then as an amendment to the bill also provided for the shipping of coal from Alaska through this same *modus operandi*.

If, however, we want to take a step further and turn over the matter to the Secretary of the Navy, I for one am delighted that so many of these ultra-conservative Senators have not only been converted to the idea, but have taken a step in advance, and have gone further than had ever been proposed before. Instead of opposing their plan, as they always did mine, I shall to the best of my ability be very glad to support them in their efforts in this connection, which I believe to be commendable.

I want to say while I am on my feet that I am opposed to the amendment, now pending, of the Senator from Mississippi. If that amendment prevails, the Secretary of the Navy will have this authority only during the present war in Europe, and for three months thereafter. It seems to me that we ought to make it permanent. If we are going to trust these matters to the Secretary of the Navy during the existence of a foreign war, there is no reason why we should not trust him in the same way in time of peace. It will be just as important, in my judgment at least, as far as the trade between North and South America is concerned, after the European war is over as it is during the existence of the European war.

Mr. SWANSON. Mr. President, I am very earnestly in favor of the passage of this measure as it has been amended. It was reported from the Naval Affairs Committee, of which I am a member. I think it meets an emergency that is very urgent at this time. It will enable us to make it immediately available for the exportation of our wheat, our tobacco, and our cotton.

I am glad the Senator from Massachusetts accepted the amendment offered by the Senator from Mississippi, and I simply wish to express my cordial support of the measure.

Mr. MARTINE of New Jersey. Mr. President, I desire to dissent from the thought advanced by my friend the Senator from Mississippi. I feel that it will not hurt a naval officer to handle a bushel of wheat, or a bag of grain, or a bag of potatoes. I do not believe he will have much occasion to do it; but at least it will tend to develop muscle in the man, and from the looks of many of them God knows I think they need it. [Laughter.] I think they would be better men, I think they would be more considerate men, if sometimes they had found occasion to put on a pair of overalls.

Mr. President, I consider that a Senator is quite as good as a naval officer, but I want to say that there is one Senator in this body who has worn overalls on many occasions, handling grain, if you choose, and potatoes. I do not believe the naval officer would have much to do in that direction, for the work would be done by stevedores and sailors; but this nonsense that because a man happens to wear, through the grace of the country, a pair of epaulets he is a little too good to handle that which makes food for himself and the rest of mankind is absolutely disgusting to me.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. WHITE. Mr. President, I desire to hear the amendment read.

The VICE PRESIDENT. The Secretary will state the amendment.

The SECRETARY. After the word "employing," in line 5, it is proposed to insert a comma and the words "during the pendency of the present European wars, and for the period of three months thereafter."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

The bill was reported to the Senate as amended, and the amendment was concurred in.

Mr. WILLIAMS. Mr. President, before the bill passes the title ought to be amended.

Mr. GALLINGER. After it passes.

Mr. WILLIAMS. It ought to be made to read "between the United States, South America, and Europe."

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to establish one or more United States Navy mail lines between the United States, South America, and Europe."

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EXHIBIT No. 6.

CONGESTION OF FREIGHT AND EMBARGOES BY RAILROADS PRIMARILY ON ACCOUNT OF LACK OF SHIPS TO MOVE OUR EXPORT TRADE.

BALTIMORE & OHIO RAILROAD CO.

Embargoes on shipments over its lines moving via New York:
 December 2. Iron and steel for export.
 December 12. Lumber and staves for export.
 December 29. Lumber, staves and hay, to include all shipments to New York for export, coastwise, and domestic delivery.
 January 7. All freights for reshipment.
 No embargo on freight for local deliveries in New York Harbor, except lumber, staves, and hay.
 Cars loaded with freight at New York terminal, 2,078; standing on side-tracks leading into New York, 4,437.
 It was stated on February 14, 1916, that conditions had improved on this road. Lack of ocean tonnage has contributed to the accumulation of this freight, but it is impossible to say to what extent.
 Marine equipment: Lighters, 95; steam lighters, 2; tugs, 10; and floats, 49.
 Average of cars arriving and released, 445 per day; maximum capacity of terminals, 3,000 cars; working capacity, 2,000 to 2,500.

LEHIGH VALLEY RAILROAD CO.

Embargoes declared:
 December 1. Hay billed for New York Harbor, or for lighterage delivery.
 December 5. Lumber and flour for export via New York.
 December 8. All carload shipments of lumber for New York.
 December 6. Locomotives and parts, machinery, and all iron and steel articles, carloads for New York. Exceptions: Munitions and ordnance materials, etc., for export.
 December 6. Carload shipments of wire, nails, and rails for New York.
 December 6. Hay and straw, for New York.
 December 16. Cement to any part east of Newark, N. J.
 December 20. All east-bound traffic from all Lehigh Valley stations, except flour, grain products, perishable freight, live stock, less than carload lots of merchandise, lake grain, cement, coal and coke, munitions, etc.
 December 22. Embargo of December 20 modified to permit barbed wire in carload lots for export.
 December 20. All eastbound traffic from connecting lines except empty Lehigh Valley cars and freight billed for delivery at Lehigh Valley stations west of Jersey City; flour, grain products, explosives, live stock, provisions, perishable freight less than carload lots, coke, coal and fuel oil.
 December 22. Above modified to allow crude borates in carload lots.
 December 30. Modified to allow carload lots of copper and lead bullion to New York.
 December 31. Modified to allow all eastbound freight except for New York Harbor, Brooklyn E. D. Terminal, New York Dock Co., and Bush Dock Co. The following only to be accepted to these destinations: Flour and grain products, high explosives, live stock, provisions, dressed beef, perishable freight, coal, coke and fuel oil, borates, copper and lead, and less than carload shipments.

	Dec. 1, 1915.	Dec. 20, 1915.	Jan. 3, 1916.
Cars on hand, Jersey City	2,632	2,304	3,188
On sidings	1,191	3,940	3,516
In terminal yards	7,510	5,991	5,774
Total	11,333	12,235	12,478

Embargo caused by lack of ships, but impossible to say the exact proportion due to this cause.

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DELAWARE, LACKAWANNA & WESTERN RAILROAD CO.

November 28. Embargo against export freight.

	Cars.
Export freight at Hoboken terminal.....	2,500
Domestic freight at Hoboken terminal.....	1,600
Export freight on line.....	2,000
Domestic freight on line.....	600
Freight for New York, blockaded.....	6,700

Embargo caused very largely by lack of ships, also by manufacturers who have taken contracts f. o. b., in starting the freight without any knowledge as to whether it could be handled at the ports. Embargo on domestic traffic as follows:

January 12. Hay.
 December 19. Pig iron.
 January 11. Iron piping for New York piers.
 December 20. Cyanimide.

NEW YORK CENTRAL RAILROAD CO.

Dates when embargoes became effective:

December 11. Declared.
 December 16. Extended.
 December 25. Modified.
 January 6. Modified.
 January 11. Modified.
 January 12. Modified.

Reason: Failure of consignees to remove freight, especially for delivery to vessels, both for export and coastwise.

Cars blocked, January 13:

Sixtieth Street Terminal.....	1,011
Thirty-third Street Terminal.....	719
Hudson and electric divisions.....	885
Total	2,065

Marine equipment: Tugboats, 19; lighters, 6; car floats, 52; holsting barges, 34; scows and covered barges, 219; grain boats, 133.

	Cars.
Arriving	1,189
Forwarded	1,162
Released	416
Capacity of terminals.....	4,939

NEW YORK, NEW HAVEN & HARTFORD RAILROAD CO.

Embargo issued December 24, 1915, against its Poughkeepsie Bridge.

December 27, 1915. Against all business via gateways, except coal, coke, print paper, perishable property, and human food, when coming from connecting lines.

Reason for embargoes: A greater volume of freight offered than the New Haven could handle over its tracks and through its terminals. Due to the lack of ships in so far as the congestion on other roads may be due to lack of ships.

Statistics of total system, January 6, 1916:

Miles of track.....	7,502
Cars awaiting unloading.....	13,183
Cars awaiting loading.....	3,545
Cars set out between terminals.....	2,063

CENTRAL RAILROAD OF NEW JERSEY.

Embargoes declared: Late in October, on export freight. Many others declared, some rescinded, others modified.

Cause: Shipping for export without securing bottoms for such export. Lack of ships almost entirely the cause of embargo on export freight. Storms, etc., other causes.

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For the month of December, 1915, the cars standing in Jersey City yards varied from 3,616 to 5,007, averaging daily about 4,200 to 4,500; cars with export freight averaging 3,800 to 3,600 per day, as high as 4,010. Local delivery cars averaging about 800 per day.

Loaded cars standing along line were as high as 425 for local delivery and 512 for export per day. All have been brought in by December 31.

On December 31 cars were being unloaded on the ground at Jersey City for local delivery, and 1,750 cars were then standing for export.

Only answer as to when congestion and embargoes will end is when the supply of ships in the carrying trade becomes normal.

PENNSYLVANIA RAILROAD CO.

Embargoes declared:

December 13, 1915. No. 8457, all freight, with a few exceptions, consigned to New York lighterage, whether for export, coastwise, or domestic.

No. 8458, all freight, with exceptions, consigned to Waverly, including Newark and points east thereof.

Reason for embargoes: Large accumulation of loaded cars.

Conditions December 21, maximum congestion of lighterage freight:

	Cars.
On New Jersey division.....	2,650
On other divisions.....	4,178
On piers.....	1,987
Open-car freight unloaded on ground.....	4,078
Total.....	12,873

Conditions December 19, maximum congestion of freight for delivery to or through New York:

	Cars.
On New Jersey division.....	5,340
On other divisions.....	12,608
Total.....	17,948

Conditions had improved January 5, 1916, embargo No. 8458 is lifted and No. 8457 modified.

Condition of lighterage freight:	Cars.
On wheels.....	4,658
On piers.....	1,800
Unloaded on ground.....	3,500
Total.....	9,958

Export tonnage has greatly increased. Some ship brokers claim to have enough ships; others are very noncommittal.

Estimated tonnage of line awaiting foreign shipment:

	Tons.
In cars along line and in terminals.....	210,000
Coming on weekly.....	84,000
Outgoing weekly.....	84,000

ERIE RAILROAD CO.

February 11, 1916. Conditions have not changed since January 15. Situation as follows:

In cars, Jersey City terminal.....	1,615
On piers or in warehouses.....	1,373
Unloaded on company's property.....	515
Held on line.....	1,405
Total.....	4,908

EXHIBIT No. 7.

The following are extracts from newspapers regarding freight congestion, due primarily to the lack of ships to handle our export trade:

[New York World.]

BALTIMORE, Md., January 3.—The Western Maryland Railroad to-day issued an order, effective at the close of business to-morrow, placing an embargo until

further notice on all shipments of grain to this port for export. There are nearly 2,000,000 bushels of grain in storage here awaiting ships.

[New York Tribune, Dec. 25, 1915.]

A coal famine confronts New York. This new serious aspect of the temporary freight embargo that is cutting New York off from everything except foodstuffs was revealed yesterday.

Dealers who have contracts to supply public institutions call the situation desperate. The price of soft and anthracite coal is going up rapidly, and is expected to double within two weeks, the dealers say, unless immediate measures are taken to bring additional supplies into the city.

If the embargo continues, the public service commission was informed yesterday, subway construction will have to stop and 18,000 men will be thrown out of work. It is estimated that fully 600 cars are required each month to bring in the cement used by contractors building the dual subway system. There is only a small supply on hand, and unless new shipments come in all work with concrete will have to be suspended. Several contractors are running low on structural steel.

[Louisville Courier-Journal.]

NEW YORK, December 21.—The committee representing all trunk line railroads leading into New York announced to-day that the freight embargoes declared by the many roads have failed to ameliorate the traffic congestion, there being approximately 50,000 cars destined for New York on lines or at terminals.

Acting on this, the Pennsylvania, New York Central, and Lehigh Valley to-day declared additional stringent embargoes on freight consigned to New York for export or coastwise shipment.

The Pennsylvania extended its recent embargo on virtually all freight for export, coastwise or domestic deliveries, except dressed meats, other perishable freight and food products to include shipments originating on the Pennsylvania, Philadelphia, Baltimore & Washington, and West New Jersey and seashore railroads.

The New York Central declared an embargo on all carload freight except livestock, grain, fresh meat, provisions, and munitions.

The Lehigh Valley declared an embargo on all eastbound freight from connecting lines excepting flour and grain products, livestock, dressed meats, perishable freight, coal, coke, fuel oil, and provisions.

[New York Commercial.]

PITTSBURGH, December 26.—Freight congestion on eastern railroads and lack of coke at the mills handicapped the steel trade during the past week, and in several instances furnaces had to be banked until more fuel becomes available. * * *

[New York World.]

The New Haven Railroad gave notice last night that, owing to the storm and freight congestion, it will not ship to New York City for the time being any goods except live stock, perishable food for human consumption, and coal.

The embargo covers all points on the system west of New London and Willimantic and south of the Boston & Albany Railroad.

[Herbert T. Wade in the Scientific American, Dec. 25, 1915.]

During the months of November and December there has been experienced on the eastern seaboard, and especially at the port of New York and on the railways entering the various terminals about the harbor, a serious condition of freight congestion, to an extent never before realized. At the middle of December it was reported that some 45,000 cars—over twice the amount of the car-shortage for the entire United States—were tied up in the vicinity of New York City, and that there was ready for export at New York Harbor five times as much freight as the available vessels could take. Grain elevators were filled to

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capacity, piers and docks were piled high with merchandise, and thousands of cars were used as warehouses at a time when there was a general shortage of cars throughout the United States.

[Chicago Tribune, Dec. 17.]

Practically every railroad connecting Chicago with the Atlantic seaboard yesterday placed an embargo on all shipments for export purposes. Only perishable goods, such as fresh meat and other foodstuffs, are exempt.

Lack of ocean-going vessels and an unparalleled congested condition of the freight yards and docks at the principal seaports in the East are given as the reason.

Loaded freight cars by the thousands are standing on every available siding for miles outside of New York. Warehouses and elevators at the eastern ports are choked up with grain and freight houses are packed to the roofs with shipments of all kinds.

The embargo is placed principally against grain, 4,000 cars of which are said to be awaiting shipment at eastern ports.

Lines affected.—The railroads which have issued embargoes out of Chicago are: New York Central, Lehigh Valley, Wabash, Norfolk & Western, Pennsylvania, Baltimore & Ohio, Erie, and Lackawanna.

Ocean equipment short.—"The fault does not lie with the railroads," explained J. S. Browne, head of the traffic department of the board of trade, "but with insufficient ocean shipping facilities. The warehouses and elevators at Philadelphia, New York, Baltimore, Buffalo, and Newport News are overloaded. The eastern terminals are so choked it will be impossible for the railroads to handle any more shipments from the Central West until things are cleared up. The embargo not only applies to grain but has been extended to steel, flour, and other exports by some of the roads as well."

[Newark News, Dec. 20.]

With the Pennsylvania Railroad placing an embargo to-day on all freight, except coal and foodstuffs, shipped from the West to Newark and other points in the East, the local freight situation is classed the worst in railroad history by the commercial agents of the railroads entering the city. * * *

[New York World, Nov. 30.]

BALTIMORE, November 29.—On account of large freight accumulation at its St. George, Staten Island, terminal, the Baltimore & Ohio Railroad placed an embargo on iron and steel articles for export through New York. It was said that the embargo was necessitated by congested lighterage conditions.

[New York World, Nov. 30.]

PHILADELPHIA, November 29.—The Pennsylvania Railroad announced to-day that it had placed embargoes on export flour and lumber at New York and on all export grain at Philadelphia and at Baltimore.

[Washington Star.]

NEW YORK, December 27.—A serious congestion of foodstuffs in the cold-storage warehouses of New York and New Jersey is reported by John E. Starr, formerly president of the American Society of Refrigerating Engineers, in a statement to the Chelsea Association of Merchants. Taking his figures from the reports of health departments of the two States, Mr. Starr says that 16,116,173 pounds of fresh meat was in cold storage in New York City last September, an increase of 331 per cent over the amount stored here two years ago. On the same date New Jersey warehouses held 4,107,078 pounds of fresh meat, an increase of 179 per cent.

In addition, Mr. Starr reported that thousands of tons of meats are held in refrigerating cars on sidetracks awaiting unloading. He declared that 23,377,590 dozens of eggs were in cold storage here, and 19,445,890 dozens in New Jersey, in September.

"The extent of the cold-storage business," said Mr. Starr, "may be indicated by the fact that there were 9,000,000 barrels of apples in storage in the

United States December 1. They were awaiting favorable market conditions here and abroad and the possibility of movement over the congested railroads."

[New York Commercial, Dec. 21, 1915.]

CHICAGO, December 20.—Business is so heavy for this season of the year that unless there is a speedy change in the conditions of eastern lines, due to congestion at the Atlantic seaboard and Gulf ports, western railroads will soon begin to slow up. Embargo upon embargo have been placed on various classes of freight destined to seaboard that it has kept officials of western railroads looking after them. In some instances the railroads have appointed special clerks, with the title of "embargo men," to handle the business. One road had no less than eight notices in one day, and fully as many in another. Most of the restrictions are on export business, and mainly flour and grain.

The bad feature of this blockade in the East is the inability of western roads to get their cars back. At the same time eastern roads do not care to pay 40 cents per diem for foreign cars, as they have their yards and sidetracks full of them now, and to stop further congestion they refuse to take freight from western connections. As a result, western roads have stopped loading freight for eastern export, as to do so would tie up their cars, and in a short time congest their terminals, making it almost impossible for them to handle their heavy domestic traffic, which at present is being moved with freedom.

[The National Jeffersonian, Dec. 18, 1915.]

There exists at the present time a condition in New York's export trade that was never known before. Manufacturers throughout the country are pouring their products into this city's railroad terminals at breakneck speed, only to see them lie useless in freight cars or sheds, waiting weeks and even months for a chance to cross the ocean. The big trunk lines are considering putting an embargo on all export freight, and at least one of them has already taken this step. New York and other traffic centers are glutted with the world's commerce that they can not disgorge into the proper trade channels.

Ocean freight rates have gone up with a rush. The profits of shipowners are indicated in the story of the schooner *Edward J. Lawrence*, which cleared recently from Norfolk with 5,000 tons of coal for Barcelona. Her owners got \$52,500 for the freight, or \$10.50 a ton. And this was in an old sailing vessel, which, like hundreds of other vessels of the same class now in demand, could not get a cargo a few years ago in competition with modern steam vessels.

The growing scarcity of ships is the underlying reason, it seems, both for the congestion of freight in this city, and the high rates charged. The war risk is another factor that has increased the cost of ocean transportation.

* * * * *

Congestion of freight on eastern railroads grows more serious daily. On some of the great systems it amounts virtually to an absolute embargo, except upon the most perishable shipments. The railroads, seemingly, are doing the best they can with the intricate, perplexing situation. The trouble lies with the present inadequacy of ocean shipping facilities. (Pasadena Star.)

[New York Tribune, Dec. 19, 1915.]

PHILADELPHIA, December 18.—The Pennsylvania Railroad to-day issued an embargo on all freight destined for the New York district, with the exception of foodstuffs and coal for "necessary purposes."

[Philadelphia Ledger, Dec. 22, 1915.]

The Pennsylvania Railroad, realizing that New England, shut off from direct contact with the food markets of the country, was fast approaching a condition of actual want, yesterday raised its freight embargo to the extent of accepting live stock, foodstuffs, and perishable freight destined for that section.

That the railroad officials considered immediate measures necessary was borne out in an official statement issued last night opening with the significant words, "Regardless of the congestion of freight which exists in the New York district," The railroad's reports of the number of cars blocked on its lines awaiting shipment at New York show the congestion has increased despite an embargo levied last Saturday, which was virtually complete.

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EXHIBIT No. 8.

Exhibits Nos. 75 A, B, and C and 76 to Document 673, part 2, Sixty-third Congress, third session:

(Exhibit 75, Doc. 673, pt. 2, 63d Cong., 3d sess.)

[Extract from telegram to Secretary of the Treasury from B. N. Baker, Baltimore, Md., Dec. 24, 1914.]

Have a cable from London this morning offering 4 new steamers, immediate delivery, one 12,000, two 11,000, and one 8,000 tons, dead-weight capacity, basis of \$40 a ton and 4 guaranteed delivery within six months at same basis. All English or French built or building now, so there would be no difficulty in securing any amount of tonnage.

(Exhibit 75A, Doc. 673, pt. 2, 63d Cong., 3d sess.)

[Copy of cable received from B. N. Baker, Baltimore, Md., Dec. 22, 1914.]

CLT.

TABHEEL, *London*:

Can you offer sale several new steamers near delivery 10 to 12 thousand tons D. W. about 10 knots immediate cash Panama no chance.

BERNADINE.

(Exhibit 75B, Doc. 673, pt. 2, 63d Cong., 3d sess.)

[Copy of cable sent Dec. 23, 1914.]

CLT.

BERNADINE, *Baltimore*:

Can offer if unsold steamer completing stnazaire 12,000 tons eleven knots Lloyds class 100 A1 sister ship ready 6/8 months 90,000 each *Andreas* built Doxford 10,800 tons ten knots Returning maiden voyage New York Could deliver February 85,000 Would five 8,000 ton ten knots single deck building interest Might get them 75,000 each First about ready All delivered six months Feld.

BERNARD N. BAKER

Baltimore, Md., U. S. A.

(Exhibit 75C, Doc. 673, pt. 2, 63d Cong., 3d sess.)

LONDON, December 23, 1914.

B. N. BAKER, Esq.,

Baltimore, Md.

DEAR BERNARD: I confirm cable sent to-night, offering you the three boats, particulars of which I mailed you yesterday.

As stated in my letter yesterday, all available tonnage is in great demand here at present, and up to this evening I have been unable to get anything else to offer. At the same time I shall continue my search.

I included in my cable an inquiry as to whether five 8,000-ton, 10-knot boats would interest you.

I know of five boats of these dimensions, which are being built for one company.

The first one is just completing, and they say all five of them will be completed within six months.

The builders inform me that they think they could get the owners to sell them for £75,000 each, and it occurred to me that possibly five sister boats, though they were 2,000 tons below the capacity you want, might be attractive to you, and I await your reply before further considering them.

Unfortunately, I learn that the steamer *Andreas* has already left New York, returning from her maiden voyage. She belongs to a Greek, who is simply willing to sell her for cash at something more than he paid for her. She, of course, is a new steamer, completed in November.

I was very much in hopes you could see her while she was in New York, but the owner has just informed me that she has left New York. She could be delivered on this side, however, in February, or possibly sooner, if she has finished discharging.

If you must have 10,000 tonners, she strikes me as being a suitable boat. She was built by Doxford & Sons, of Sunderland.

The two steamers which I offer you built at St. Nazaire ought to be attractive to you. They are not dear at £90,000.

The first one is about ready for delivery, and has been named *Ohio*.

Her sister ship, they say, will be ready in about six or eight months.

There were three contracted for before the war. The contractor has failed, and the builder is offering them at a slight profit over the contract price.

The builders, Chantiers & Ateliers, are reputable people.

I hope in your letter you will give me some definite information as to what the ships are wanted for.

If they wanted to run from New York to Frisco, I think the Government here could easily be induced to allow them to go under the American flag. While if they are intended for regular tramp business, and possibly to carry cargo to belligerent countries, they might possibly place some difficulties in the way of the builders exporting them to a neutral country. At the same time I believe this difficulty might be overcome.

The possibility of this difficulty, of course, would not arise with either the French or the Greek boats.

I believe I can offer you any available boats to be had, and sincerely hope we may be able to do some business.

Of course, when it comes to final business, all of these prices might be subject to counter offers.

Owing to the condition of the market, however, owners will not make firm offers until they are satisfied it means business.

Yours, sincerely,

THOMAS L. FEILD.

(Exhibit 76, Doc. 673, pt. 2, 63d Cong., 3d sess.)

STEAMERS FOR SALE BY MERCHANT MARINE AGENCY, 1123 OLD SOUTH BUILDING, BOSTON, MASS., J. V. M'CARTHY, MANAGER.

[We can not make the prices or offers of the steamers as firm offers; they are subject only to being still available on receipt of your reply. We will not be responsible for errors in description.]

No. 1.—8,880 tons dead-weight, including bunkers, on 26½ feet draft. Built 1912 of steel, 100 A1 Lloyd's; dimensions, 412 by 52 by 30½ feet; molded, cubic capacity, 535,000 cubic feet; 11½ knots on a moderate consumption; triple engines, cylinders 28 inches, 46½ inches, 78 inches, by 54-inch stroke; 3 boilers, 200 pounds working pressure; water ballast in cellular bottom, peaks, and deep tank; 6 hatches; 11 winches; steam steering gear; 'tween decks, 9 feet high; bronze propeller; electric light; two decks laid, with complete shelter deck above same. Accommodations for a few first-class passengers. Bilge keels 170 feet amidships; Crompton's ash hoist; ventilators to each hold. Gross register, 4,863; net register, 3,109. Price, \$420,000.

No. 2.—7,800 tons dead-weight, including bunkers, on 23½ feet draft. Built 1913 of steel, 100 A1 Lloyd's; dimensions, 390 by 50.6 by 30.4 feet; molded, large cubic capacity; 10½ knots on 31 tons' consumption; triple engines, cylinders 26 inches, 43 inches, 71 inches, by 48-inch stroke; 3 boilers, 180 pounds' working pressure; water ballast in cellular bottom and peaks; 6 hatches; 10 winches; steam steering gear; 'tween decks, 8½ feet high; powerful derricks; very complete specifications; 4 ventilators to each hold; telescopic topmasts, and special ventilators for perishable cargoes; two decks laid, with poop, bridge, and forecastle. Accommodations for a few first-class passengers. Gross register, 4,814; net register, 3,021. Price, \$390,000.

No. 3.—7,300 tons dead-weight, including bunkers, on 23 feet draft. Built 1913 of steel, British corporation; dimensions 376 by 52 by 28 feet; molded, large cubic capacity; 10½ knots on 26 tons' consumption; triple engines, cylinders 25 inches, 41 inches, 68 inches, by 48-inch stroke; 3 boilers, 180 pounds' working pressure; water ballast in cellular bottom, peaks, and deep tank; 6 hatches; 10 winches; steam steering gear; shafting in excess of Lloyd's; exceptionally full specifications, 'tween decks, 8 feet high; powerful derricks; bronze propeller, electric lights, clear holds, deep bulb angle frames; two decks laid, with poop, bridge, and topgallant forecastle. Gross register, 4,411; net register, 2,834. Price, \$350,000.

Above boats are under British registry.

No. 4 (withdrawn).—8,200 tons dead-weight, including bunkers, on 24.6 feet draft. Built, 1914, of steel; 100 A1 Lloyds; dimensions, 400 by 52 by 30 feet; molded; cubic capacity, 440,839 cubic feet; 10½ knots on a moderate consumption; triple engines; cylinders, 26 inches, 42 inches, 70 inches by 48-inch stroke; 3 boilers, 180 pounds working pressure; water ballast; 1,222 t.; 5 hatches; 10

winch; 2 decks; steam heating amidship; ice room; steam ash hoist; winch condenser. Gross register, 4,985; net register, 3,144. Price, \$342,500.

No. 5.—8,700 tons dead-weight, including bunkers, on 26.8 feet draft. Built, 1912, of steel; 100 A1 Lloyd's; dimensions, 423.6 by 52 by 30.6 feet; molded; cubic capacity, 535,000 cubic feet; 12½ knots on a moderate consumption; triple engines; cylinders, 28 inches, 46½ inches, 78 inches by 54-inch stroke; 3 boilers, 200 pounds working pressure; water ballast in cellular bottom, peaks, and deep tank; 6 hatches; 10 winches; steam steering gear; 'tween decks, 10.1 feet high; bronze propeller; electric light; three decks laid; shelter deck. Telescopic topmast. Net register, 3,005. Price, \$350,000.

No. 6 (two steamers, duplicates).—0,000 tons dead-weight, including bunkers, on 24.11 feet draft. Built, 1912, of steel; 100 A1 Lloyd's dimensions, 420.2 by 54 by 28.5 feet; molded; 531,630 cubic feet capacity; grain; 10½ knots on a moderate consumption; triple engines; cylinders, 26 inches, 43 inches, 70 inches by 48-inch stroke; 2 double-end boilers, 180 pounds working pressure; water ballast 2,397 t. in cellular bottom, peaks, and deep tank; 5 hatches; 10 steam winches; 'tween decks, 8 feet beam; bronze propeller; wireless; 1 derrick for 3 t.; 10 derricks; 7-inch gun-metal liner on shaft; nautical draft-plate keel; 3 decks laid; shelter deck 8 feet high; steam steering gear. Two staterooms for 4 or 6 passengers. Net register, 3,173. Price, \$375,000.

No. 7.—11,780 tons dead-weight, including bunkers, on 28.3 feet draft. Built, 1913, of steel; 100 A1 Lloyd's; dimensions, 470.4 by 58 by 34.10 feet; molded; cubic capacity, 645,000 cubic-feet bales; 12 knots on a moderate consumption; triple engines, amidship; cylinders, 26½ inches, 45 inches, 75 inches by 48-inch stroke; 2 boilers, D. E. tubular, 200 pounds working pressure; water ballast in cellular bottom 2,930 t., also in peaks and tanks; 6 hatches; 12 steam winches; steam steering gear; two decks laid; coefficient '75 nautical draft; side lights on poop, bridge, forecabin, and 'twins; 14 derricks, those on main deck for 10 t., on bridge for 7 t.; electric light; wireless. Net register, 4,625 t. Price, \$625,000.

Above steamers are under British registry.

No. 8.—10,570 tons dead-weight, including bunkers, on 26.9 feet draft. Built, 1903, of steel; 100 A1 Lloyd's special survey No. 2, 1911; dimensions, 455.8 by 55.2 by 33.10 feet; molded, cubic capacity, 605,045 feet; 10½ knots on 38/40 tons consumption; triple engines amidship; cylinders, 27 inches, 46 inches, 76 inches by 51-inch stroke; three boilers, S. E. tubular, 200 pounds working pressure, water ballast, 3,896 t. in cellular bottom; peaks and deep tank; 6 hatches; 11 steam winches; and 10 derricks; steam steering gear; electric light and wireless; two decks laid. Net register, 4,280. Price, \$450,000.

No. 9.—8,200 tons dead-weight, including bunkers; 25.4½ feet draft. Built, 1913, of steel; dimensions, 380 by 53 by 28.6 feet; molded, cubic capacity 490,927 grain, 453,791 cubic feet bale; 10½ knots on 30 tons consumption; triple engines amidship; cylinders, 26 inches, 42 inches, 70 inches by 48-inch strike; two S. E. and one auxiliary S. E. boilers, 180 pounds working pressure; water ballast; 1,297 t. in C. D. B. and peaks; 6 hatches; 10 steam winches; and steam steering gear; two decks laid, one of which is steel; shelter deck, part steel and part iron; plate keel; electric light; two main boilers; forced draft; side lights in poop; built propeller, with manganese-bronze blades; spare blades; 25 t. evaporator. Net register, 2,778. Price, \$380,000.

No. 10.—8,000 tons dead-weight, including bunkers, on 24.6 feet draft. Now building; will be ready for delivery in February or March, 1915; of steel; dimensions, 401 by 52.1 by 30 feet; molded; triple engines; cylinders, 27 inches, 44 inches, 75 inches by 48-inch stroke; surface condenser; 10 to 11 knots. Price, \$370,000.

No. 11 (withdrawn).—8,575 tons dead-weight, including bunkers, on 24.10 feet draft. Built, 1914, of steel; 100 A1 Lloyd's; dimensions, 385.6 by 53.6 by 36 feet to shelter; cubic capacity, 503,520 cubic feet; 9½ knots, loaded, on 25 tons consumption; triple engines amidship; cylinders, 25 inches, 42 inches, 68 inches by 48-inch stroke; three boilers, S. E. tubular, 180 pounds working pressure; 5 hatches; 10 steam winches; steam steering gear; steam windlass; two decks laid one of steel, one of iron; shelter deck. Net register, 2,895. Price, \$320,000.

No. 12.—10,320 tons dead-weight, including bunkers, on 26 feet draft. Built, 1914, of steel; class, British corporation; dimensions, 425 by 55.5 by 30 feet; molded; two decks laid; shelter deck; cubic capacity, 597,710 cubic feet; 10½ knots laden, about 40 tons consumption; triple engines amidships; cylinders, 28 inches, 45 inches, 75 inches by 51-inch stroke; three tubular boilers, 180 pounds working pressure; 10 steam winches; 10 derricks; also 2 small ones on poop; coefficient, '79. Most up-to-date steamer, with desking, telegraph,

shifting boards, cargo battens, telescopic topmast, with crosstrees at top and tables at bottom. All holes inside coated with bitumastic enameled composite, etc. Net register, 3,500. Price, \$400,000.

Above steamers are under British registry.

No. 13.—8,800 tons dead-weight, including bunkers, on 24.6 feet draft. Built 1913 of steel, class B. S., British corporation; dimensions, 402 by 54 by 27.6 feet; molded, cubic capacity, 540,442 cubic feet; 10 knots on 28 tons consumption; triple engines; cylinders, 26 inches, 42 inches, 70 inches by 48-inch stroke; surface condenser, 3 boilers, S. E. tubular, 180 pounds working pressure, water ballast, C. D. B., F. and A., P. T.; 7 steam winches, 1 deck, and shelter laid. Net register, 2,930. Price, \$325,000.

No. 14.—8,036 tons dead-weight, including bunkers, on 24.5 feet draft. Built 1914 of steel, 100 A1 Lloyds'; dimensions, 385 by 52 by 29.6 feet; molded, cubic capacity 432,979 cubic feet; 10 knots on 28 tons consumption; triple engines, amidship; cylinders, 25 inches, 40 inches, 68 inches by 48-inch stroke; surface condenser, 3 boilers, S. E. tubular, 180 pounds working pressure; water ballast, 1,183 t. in C. D. B., F. and A., P. T.; 5 hatches, 10 steam winches, steam windlass, steam-steering gear; 1 deck laid, steel, 'tween deck, 7.6 feet; 12 derricks, 4 derrick posts; wood-grain divisions, coefficient, '783; steam heating, bilge keels; four 18-inch vents each hold; ice room; steam-ash hoist; Morrison 25 t. evaporator; F. water condenser, 1,500 gallons, etc. Net register, 2,955. Price, \$315,000.

No. 15.—8,150 tons dead-weight, including bunkers, on 24.3 feet draft. Built 1913 of steel, highest British corporation; dimensions, 385 by 52.1 by 29.6 feet; molded, cubic capacity, 430,208 cubic feet grain, or 409,047 cubic feet bales; 9.5 to 10 knots on 27 tons ordinary consumption; triple engines, amidship; cylinders, 25 inches, 40 inches, 68 inches by 48-inch stroke; surface condenser, 3 S. E. tubular boilers, 180 pounds working pressure; water ballast, 1,430 t., C. D. B. and peaks; 6 hatches; 10 steam winches; steam windlass; steam-steering gear; 1 deck laid, steel; 1 spare room for passenger accommodation; 12 derricks and tables; 4 derrick posts; grain divisions; spare propeller; shafts; evaporator and heater; also winch condenser. Net register, 2,954. Price, \$340,000.

Above steamers are under British registry.

No. 16.—Steamship built of steel, to carry passengers and cargo; twin screw; built, 1894; engines, triple; indicated horsepower, 2,500; length, 383.4 feet; breadth, 46 feet; depth, 27.2 feet; registered gross tonnage, 4,761; electric light; sub. sig.; 12 knots; arranged to carry 16 first and second class passengers, 1,000 steerage. Price, \$375,000.

No. 17.—Passenger and cargo steamer arranged to carry 137 first and second class, 1,260 steerage; built of steel, 1894; twin screw; engines, triple; indicated horsepower, 2,500; length, 383.4 feet; breadth, 46 feet; depth, 27.2 feet; registered gross tonnage, 5,640; electric light; sub. sig.; 12 knots. Price \$625,000.

No. 18.—Passenger and cargo steamer arranged to carry 120 first and second class, 1,344 steerage; built of steel, 1899; twin screw; engines, triple; speed, 13 knots; indicated horsepower, 3,200; length, 428.9 feet; breadth, 54.3 feet; depth, 39.4 feet, registered gross tonnage, 7,414; electric light; sub. sig. Price, \$625,000.

No. 19.—Passenger and cargo steamer arranged to carry 35 first and second class, 206 third class, 2,144 steerage; built of steel, 1899; twin screw; engines, quadruple; 12½ knots; indicated horsepower, 5,500; length, 501 feet; breadth, 58.1 feet; depth, 36.7 feet; registered gross tonnage, 10,058; electric light; wireless telegraphy; sub. sig. Price, \$1,125,000.

No. 20.—Passenger and cargo steamer arranged to carry 210 first class, 224 second class, 1,343 steerage; built of steel, 1896; twin screw; engines, quadruple; speed, 16 knots; indicated horsepower, 7,000; length, 523 feet; breadth, 60.1 feet; depth, 34.8 feet; registered gross tonnage, 10,695; electric light; Stone Lloyd bulkhead doors; sub. sig. Price, \$1,250,000.

No. 21.—Passenger and cargo steamer arranged to carry 110 first class, 175 second class, 252 third class, 1,660 steerage; built of steel, 1896; twin screw; engines, quadruple; speed 16 knots; indicated horsepower, 7,000; length, 526.4 feet; breadth, 60 feet; depth, 34.6 feet; registered gross tonnage, 10,915; electric light; Stone Lloyd bulkhead doors; sub. sig.; wireless telegraphy. Price, \$1,250,000.

No. 22.—Passenger and cargo steamer arranged to carry 133 first and second class, 1,450 steerage; built of steel, 1901; twin screw; engines, quadruple; speed, 13 knots; indicated horsepower, 3,400; length, 429.3 feet; breadth, 54.3

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feet; depth, 39.6 feet; registered gross tonnage, 7,524; electric light; s
Price, \$812,500.

Above steamers are under German registry.

EXHIBIT No. 9.

*Statement showing vessels purchased by the Navy during the Spanish-A
War, the price paid for each, and the disposition made of those not
property of the Navy.*

Name.	Purchase price.	Sold or transferred to—	Sell
Abarenda	\$175,000.00		
Accomac	40,000.00		
Active	75,000.00		
Aleen	55,000.00		
Ajax	267,657.50		
Albany	1,207,644.13		
Alexander	206,825.25	Madrigal & Co., Cavite, P. I.	
Alice	19,000.00		
Apache	54,510.00		
Arethusa	218,992.50		
Badger	367,000.00	Transferred to War Department	
Brutus	215,000.00		
Buffalo	550,000.00		
Caesar	175,194.00		
Cassius	160,594.50	Transferred to War Department	
Celtic	340,900.00		
Cheyenne	19,639.05	G. D. Kuper & Bros., New York	
Chickasaw	15,000.00	Reichert Towing Line	
Choctaw	82,500.00		
Culgoa	247,704.85		
Dixie	575,000.00		
Dorothea	187,500.00		
Eagle	110,000.00		
East Boston	57,500.00	Andrew J. Phillips, H. L. Maynard, T. J. Wool, J. L. Watson, Portsmouth, Va.	
Elfrida	50,000.00		
Enquirer	80,000.00	Transferred to War Department	
Frolic	115,000.00	Transferred to War Department without reim- bursement.	
Glacier	340,550.00		
Gloucester	225,000.00		
Gov. Russell	71,000.00	City of Boston, Mass.	
Hannibal	147,941.60		
Hawk	50,000.00		
Hector	200,000.00	Metropolitan Coal Co.	
Hercules	40,000.00		
Hist	65,000.00	H. M. Olsen	
Hornet	117,500.00	Nathan S. Stern, New Orleans	
Huntress	275,000.00		
Inca	35,000.00	E. F. Lucenbach, Brooklyn, N. Y.	
Iris	145,000.00		
Iroquois	150,000.00		
Justin	145,000.00		
Kanawha	50,000.00	Transferred to War Department	
Lebanon	225,000.00		
Leonidas	147,941.60		
Manly	24,250.00		
Marcellus	90,000.00		
Massasoit	30,000.00		
Mayflower	430,000.00		
Merrimac	342,000.00		
Modoc	30,000.00		
Mohawk	44,000.00		
Nanshan	155,728.00		
Nero	215,000.00		
New Orleans	1,430,091.59		
Nezhscot	30,000.00		
Niagara	200,000.00	H. P. Booth, New York	
Oneida	60,000.00		
Oseola	100,000.00		
Panther	375,000.00		
Pawnee	25,000.00		
Peoria	100,000.00		
Piscataqua	130,000.00		
Pompey	111,929.50		
Pontiac	30,000.00		
Potomac	125,300.00		
Powhatan	42,500.00		
Prairie	575,000.00		
Rainbow	178,250.00		
Resolute	475,000.00	Transferred to War Department	

Statement showing vessels purchased by the Navy during the Spanish-American War, the price paid for each, etc.—Continued.

Name.	Purchase price.	Sold or transferred to—	Selling price.
Restless.....	\$29,000.00	Marvin Briggs (Inc.).....	\$1,008.00
Saturn.....	290,000.00		
Scipio.....	85,769.71	Ludwig Rubelli, Philadelphia, Pa.....	41,550.00
Scorpion.....	300,000.00		
Sebago.....	28,000.00		
Seminole.....	25,000.00	Transferred to War Department.....	6,500.00
Shenwater.....	24,000.00	Samuel B. Wilson, Philadelphia, Pa.....	1,536.00
Sioux.....	25,553.51		
Siron.....	40,000.00	New Orleans Foundry & Iron Co.....	2,352.50
Solace.....	600,000.00		
Somers.....	72,897.50		
Southery.....	100,000.00		
Sterling.....	190,000.00		
Stranger.....	75,000.00		
Supply.....	325,000.00		
Sylph.....	50,000.00		
Sylvia.....	25,000.00		
Tecumseh.....	45,000.00		
Topeka.....	170,327.50		
Uncas.....	75,000.00		
Vigilant.....	60,000.00		
Viking.....	30,000.00	Transferred to War Department.....	30,000.00
Vixen.....	150,000.00		
Vulcan.....	350,000.00	Michael Jenkins, Baltimore, Md.....	175,750.00
Waban.....	20,000.00		
Water Barge 1.....	24,000.00		
Water Barge 75.....	66,000.00		
Wasp.....	95,000.00		
Wompatuck.....	65,000.00		
Yankee.....	575,000.00	Wm. W. Wotherspoon.....	2,010.00
Yankee.....	125,000.00		
Yankee.....	575,000.00	Boston Iron & Metal Works.....	11,522.06
Yosemite.....	575,000.00	Chicago Junk Co., Seattle.....	3,300.00
Zafro.....	87,597.00		
Total.....	18,243,389.29		1,167,638.04

EXHIBIT No. 9A.

List of vessels purchased by United States Navy during the Spanish-American War, showing names before purchase, dates of purchase, and names of previous owners.

Name before purchase.	Renamed.	Date of purchase.	Previous owners.
1 Columbia.....	Wasp.....	Mar. 26, 1898	J. H. Ladew.
2 Alicia.....	Hornet.....	Apr. 6, 1898	Henry M. Flagler.
3 Almy.....	Eagle.....	Apr. 2, 1898	Frederick Gallatin.
4 Hermione.....	Hawk.....	.....do.....	H. L. Pierce estate.
5 D. C. Ivans.....	Nezinscot.....	Mar. 25, 1898	Moran & Co.
6 P. H. Wise.....	Sioux.....	Mar. 26, 1898	Do.
7 Winthrop.....	Osceola.....	Mar. 31, 1898	Staples Coal Co.
8 El Toro.....	Accomac.....	Mar. 26, 1898	Southern Pacific Line.
9 Wilmot.....	Potomac.....	Apr. 14, 1898	Ocean Towing & Wrecking Co.
10 Edward Luckenback.....	Tecumseh.....	Apr. 2, 1898	Luckenback & Co.
11 Walter A. Luckenback.....	Uncas.....	.....do.....	Do.
12 Atlas.....	Wompatuck.....	Apr. 4, 1898	Standard Oil Co.
13 Josephine.....	Vixen.....	Apr. 9, 1898	T. A. B. Widener.
14 Mayflower.....	Mayflower.....	Mar. 19, 1898	Ogden Golet estate.
15 Sovereign.....	Scorpion.....	Apr. 7, 1898	M. C. D. Borden.
16 Crole.....	Solace.....	.....do.....	Cromwell Steamship Line.
17 Diogenes.....	Topeka.....	Apr. 2, 1898	Thames Iron Works (London).
18 (Not named).....	Manly.....	Apr. 13, 1898	Chas. R. Flint.
19 ..do.....	Somers.....	Mar. 26, 1898	Schichau Iron Works, Elbing, Germany.
20 Saturn.....	Saturn.....	Apr. 2, 1898	Boston Towboat Co.
21 Lebanon.....	Lebanon.....	Apr. 6, 1898	Philadelphia & Reading R. R. Co.
22 El Norte.....	Yankee.....	.....do.....	Southern Pacific Co.
23 El Rio.....	Dixie.....	Apr. 15, 1898	Do.
24 El Sol.....	Prairie.....	Apr. 6, 1898	Do.
25 El Sud.....	Yosemite.....	.....do.....	Do.
26 Nichteroy-El Cid.....	Buffalo.....	July 11, 1898	Brazilian Government.

380 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE

List of vessels purchased by United States Navy during the Spanish-American War, showing names before purchase, etc.—Continued.

	Name before purchase.	Renamed.	Date of purchase.	Previous owners.
27	Amazonas.....	New Orleans.....	Mar. 16, 1898	Brazilian Government.
28	Almirante Abru.....	Albany.....	.....do.....	Do.
29	Merrimac.....	Merrimac.....	Apr. 12, 1898	Hogan Line.
30	Niagara.....	Niagara.....	Apr. 11, 1898	Ward Line Steamship Co.
31	Sterling.....	Sterling.....	Apr. 16, 1898	Black Diamond Transportation C
32	Enterprise.....	Modoc.....	Apr. 29, 1898	American Towing Co.
33	No. 18.....	No. 18.....	Apr. 18, 1898	Philadelphia Transportation & I ering Co.
34	Nanshan.....	Nanshan.....	Apr. 6, 1898	Frank Smythe & Co.
35	Zafiro.....	Zafiro.....	Apr. 9, 1898	China & Manila Steamship Co.
36	Alice.....	Alice.....	Mar. 26, 1898	John M. Worth.
37	C. G. Coyle.....	Choctaw.....	Apr. 19, 1898	W. G. Coyle.
38	Penwood.....	Powhatan.....	Apr. 8, 1898	Walsh & Doran.
39	Fearless.....	Iroquois.....	Apr. 18, 1898	J. D. Spreckels Bros. Co.
40	Vigilant.....	Vigilant.....	Apr. 19, 1898	Do.
41	Active.....	Active.....	Apr. 18, 1898	Do.
42	Hercules.....	Hercules.....	Apr. 26, 1898	Standard Oil Co.
43	Southery.....	Southery.....	Apr. 16, 1898	Edw. Luckenbach.
44	Venezuela.....	Panther.....	Apr. 19, 1898	Red D Line Steamship Co.
45	Yumuri.....	Badger.....	.....do.....	Ward Line Steamship Co.
46	Yorktown.....	Resolute.....	Apr. 21, 1898	Old Dominion Steamship Co.
47	T. P. Fowler.....	Mohawk.....	Apr. 23, 1898	Cornell Steamboat Co.
48	Thespia.....	Hist.....	Apr. 22, 1898	David Dows, Jr.
49	Restless.....	Restless.....	.....do.....	Hiram W. Sidley.
50	Illawara.....	Onesida.....	May 31, 1898	Eugene Tompkins.
51	Viking.....	Viking.....	Apr. 22, 1898	Horace A. Hutchins.
52	Chatham.....	Vulcan.....	May 2, 1898	Merchants & Miners' Line.
53	Penelope.....	Yankton.....	May 20, 1898	H. E. Converse.
	Right Arm.....	Pontiac.....	Apr. 23, 1898	Merritt & Chapman.
55	Philadelphia.....	Peoria.....	May 23, 1898	Philadelphia Pilot Association.
56	Corsair.....	Gloucester.....	Apr. 23, 1898	Pierpont Morgan.
57	Menemsha.....	Iris.....	May 25, 1898	Miami Steamboat Co.
58	John Dwight.....	Pawnee.....	May 6, 1898	George T. Moon.
59	Justin.....	Justin.....	Apr. 23, 1898	Bowring & Archibald.
60	Hortense.....	Sebago.....	Apr. 30, 1898	O'Connor & Smoot.
61	Aileen.....	Aileen.....	May 2, 1898	Richard Stevens.
62	Scindia.....	Ajax.....	May 12, 1898	Henderson Bros.
63	Comanche.....	Frolie.....	May 28, 1898	H. N. Hanna.
64	Illinois.....	Supply.....	Apr. 30, 1898	International Navigation Co.
65	Kingstor.....	Caesar.....	Apr. 21, 1898	J. Holman & Sons.
66	Dorothea.....	Dorothea.....	May 21, 1898	Thos. McKean estate.
67	Gov. Russell.....	Gov. Russell.....	May 11, 1898	City of Boston.
	East Boston.....	East Boston.....	June 2, 1898	Do.
	W. H. Brown.....	Piscataqua.....	May 11, 1898	W. H. Brown.
	J. D. Jones.....	Apache.....	May 24, 1898	Merritt & Chapman Wrecking Co
71	Celtic King.....	Celtic.....	May 14, 1898	Federal Line (London).
72	Rhaetia.....	Cassius.....	May 24, 1898	William Lamb.
73	A. W. Booth.....	Massasoit.....	Apr. 25, 1898	Moran Towing Co.
74	Joseph Holland.....	Hannibal.....	Apr. 16, 1898	Francis Stanley Holland (London
75	Atala.....	Alexander.....	Apr. 25, 1898	New Blue Star Line Steamers (don).
76	Eliz. Holland.....	Leonidas.....	Apr. 16, 1898	Francis Stanley Holland (London
77	Harlech.....	Pompey.....	Apr. 19, 1898	Jas. & Chas. Harrison (London).
78	Abarenda.....	Abarenda.....	May 5, 1898	J. Graham.
79	(Not known).....	Scipio.....	.....do.....	Geo. P. Walford.
80	Peter Jebsen.....	Brutus.....	June 3, 1898	L. F. Chapman & Co.
81	No. 55.....	Water Barge No. 1.	May 25, 1898	Standard Oil Co.
82	Whitgift.....	Nero.....	June 30, 1898	McCondray & Co.
83	Norse King.....	Rainbow.....	June 29, 1898	Thomas Ronaldson.
84	Enquirer.....	Enquirer.....	.....do.....	W. J. Conners.
85	Inca.....	Inca.....	June 13, 1898	Frank B. McQuesten.
86	Huntress.....	Huntress.....	June 7, 1898	F. C. Fowler.
87	Stranger.....	Stranger.....	June 9, 1898	Mrs. Mary Lewis.
88	Kate Jones.....	Seminole.....	June 6, 1898	Boston Towboat Co.
89	Bristol.....	Cheyenne.....	July 8, 1898	J. J. Cummings.
90	Eugenia.....	Siren.....	June 9, 1898	J. G. Cassatt.
91	Elfrida.....	Elfrida.....	June 15, 1898	Dr. Seward Webb.
	No. 295.....	Sylph.....	June —, 1898	John Roach & Co.
92	Shearwater.....	Shearwater.....	May 9, 1898	Henry R. Wolcott.
93	Sylvia.....	Sylvia.....	June 13, 1898	Edward M. Brown.
94	Hercules.....	Chickasaw.....	June 25, 1898	M. Revel.
95	Confidence.....	Waban.....	.....do.....	Do.
96	Kanawha.....	Kanawha.....	June 7, 1898	John P. Duncan.
97	Pedro.....	Pedro.....	June —, 1898	(Prize.)
99	Port Chalmers.....	Glacier.....	July —, 1898	Federal Line (London.)
00	Titania.....	Marcellus.....	June 13, 1898	Wm. Lamb.
101	Refrigerating ship.....	Culgoa.....	.....do.....	Thos. S. Hopkins.
102	Lucilene.....	Arethusa.....	Aug. 12, 1898	

EXHIBIT No. 10.

NAVY DEPARTMENT,
Washington, November 15, 1915.

WILLIAM G. McADOO,
Secretary of the Treasury.

MY DEAR MR. SECRETARY: 1. In reply to your letter of the 11th instant requesting information regarding vessels chartered by the Navy during the Spanish-American War, I have the honor to advise you that there was paid to International Navigation Co. for charter and running expenses of vessels owing to that company as follows:

steamship <i>St. Paul</i>	\$377, 552. 55	
steamship <i>St. Louis</i>	475, 778. 46	
steamship <i>New York</i>	377, 891. 44	
steamship <i>Paris</i>	334, 911. 05	
		\$1, 566, 183. 50
In addition to above there was allowed the International Navigation Co. for restoration of the vessels to their original condition as first-class transatlantic passenger ships.....		647, 000. 00
Twenty days' charter while undergoing repairs.....		540, 000. 00
Underwater repairs to steamship <i>St. Paul</i> and steamship <i>St. Louis</i>		21, 869. 80

Total paid to International Navigation Co.....	2, 774, 503. 40
There was also chartered from the Pacific Mail Steamship Company the steamship <i>City of Peking</i> , for 31 days.....	31, 000. 00
and from the city of Philadelphia—	
boat No. 3, at the nominal price of.....	1. 00
Total.....	2, 805, 504. 40

Sincerely, yours,

JOSEPHUS DANIELS, Secretary.

EXHIBIT No. 11.

When actual sales of ships in March, 1915, and February, 1916, as taken from *Shipping Illustrated*, a monthly publication.

Name.	Nation.	Gross tons.	Dead-weight.	Built.	Sold for—
March, 1915:					
<i>Alhanna</i> ¹	British.....	4, 662	7, 700	1906	\$345, 000
<i>Isles of Orchy</i> ¹	do.....	4, 904	8, 000	1907	380, 000
<i>Pollo</i> ¹	do.....	3, 774	6, 200	1905	205, 000
<i>Eidenbach</i> ¹	German.....	4, 217	6, 500	.....	212, 500
February, 1916:					
<i>Ingola</i> ²	British.....	4, 962	8, 300	1912	900, 000
<i>Estro</i> ²	Norwegian.....	2, 084	3, 500	1908	250, 000
<i>ra-Kar</i> ²	do.....	4, 777	7, 850	1911	500, 000
<i>Earl of Douglas</i> ²	British.....	4, 267	7, 360	1906	585, 000

¹ The average price of these 4 ships was \$64 per gross ton.

² The average price of these 4 ships was \$138 per gross ton.

EXHIBIT No. 12.

Comparative statement of ocean freight rates on grain and cotton, as of July 1, 1914 (before the outbreak of the European war), and Feb. 10, 1916.

Name of port.	Liverpool.			Rotterdam.		
	July 1, 1914.	Feb. 10, 1916.	Increase.	July 1, 1914.	Feb. 10, 1916.	Increase.
Baltimore:			<i>Per cent.</i>			<i>Per cent.</i>
Cotton, per bale.....	\$1.75	\$12.50	614	\$1.75	¹ \$11.25 ² 15.00	³ 543 757
Wheat, per bushel.....	.03	{ .48 .52 ²	{ 1,500 1,650	.03	(⁴)	.....
Boston:						
Cotton, per bale.....		13.75				
Wheat, per bushel.....		4.42				
Charleston, cotton, per bale.....		15.00				
Galveston:						
Cotton, per bale.....	1.30	13.00	1,054	1.40		
Wheat, per bushel.....	.07 ¹	.57	680			
New Orleans:						
Cotton, per bale.....	1.60	15.00	833	1.60	11.25	603
Wheat, per bushel.....	.08 ¹	.58	562	.08 ¹	{ .50 .60	{ 488 601
New York:						
Cotton, per bale.....	1.00	15.00	1,400	1.25	15.00	1,100
Wheat, per bushel.....	.05	4.48	860+	.06		
Norfolk:						
Cotton, per bale.....	1.75	{ 12.60 15.00	{ 620 757	1.75	{ 15.00 17.50	{ 757 900
Wheat, per bushel.....	{ .06 .07	.44	{ 633 529		.48 .54	
Philadelphia:						
Cotton, per bale.....	1.15	12.50	987	1.13	13.80	1,100
Wheat, per bushel.....	.04	4.46	1,050+	.04	.30	700
Savannah, cotton, per bale.....	1.50	14.25	850	1.50	12.50	733

¹ Full cargo.² Other.³ Not quoted.⁴ Plus 5 per cent.

EXHIBIT No. 13.

Citizens arriving and departing, shown by months, during the seven months ended February, 1914, 1915, and 1916, respectively.

	Arriving.			Departing.		
	1913-14	1914-15	1915-16	1913-14	1914-15	1915-16
August.....	29,771	31,856	4,982	26,278	23,338	6,728
September.....	42,001	44,556	4,726	12,033	4,981	4,228
October.....	23,620	19,897	3,846	20,055	4,900	4,412
November.....	10,858	8,080	3,453	14,309	4,790	4,400
December.....	8,896	4,725	3,078	10,364	5,148	4,622
January.....	6,428	3,716	3,050	17,268	6,703	4,912
February.....	7,174	4,209	3,222	12,851	4,529	4,688
Total.....	128,748	117,039	26,377	113,158	54,380	21,688

EXHIBIT 14.

P. H. W. Ross, president of the National Marine League of the United States of America, says:

"* * * The subject of a national merchant marine is most vital to the individual business man for the reason that even if his own particular business is fairly well taken care of by the existing shipping facilities of to-day, it is by no means true that the business of his (home market or American) customers is adequately accommodated, and certainly no one needs telling that the surest way of doing good business is to have a prosperous line of customers; and we

can not have universal prosperity in normal times unless the country as a whole and the entire range of average manufacturers has at least the same opportunity for the conduct of foreign trade that the very large industries I have referred to, by force of circumstances, have been compelled to create for themselves.

"The productive capacity of our manufacturing establishments throughout the country has so far exceeded the absorptive powers of the home market that in four months the country can produce as much as the home market can consume in a year; consequently, if we expect to keep down overhead charges, to run our mills continuously, and to hold skilled labor in place, we must enormously increase the sale of products to people who do not live in the United States. England sells 55 per cent of her manufactures to people living outside of her national workshop; Germany, 45 per cent; the United States, only 5 per cent.

"Why this appalling difference? The reason is very clear; it is because England and Germany control the ocean transportation of their products to the ultimate consumers thereof; we do not; and until our laws are such that the foreign-shipping proposition becomes attractive enough for American citizens to invest their lives, their labor, and their savings therein, never will be.

"It was Bismarck who said of Germany: 'The merchant-marine service is the handmaid of all other industries, and of agriculture, manufactures, and commerce. On the day when the freight trade is given over to foreigners a mortal blow will be dealt to all the industries of the country.'"

REATING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Thursday, February 17, 1916.

The CHAIRMAN. We have with us this afternoon the Secretary of Labor, Mr. Wilson, who has been a Member of several Congresses, and for two Congresses a member of this committee.

STATEMENT OF HON. WILLIAM B. WILSON, SECRETARY OF LABOR.

Mr. WILSON. Mr. Chairman, I have no desire to take up very much of the time of the committee. If I did undertake to do so, it would simply be to a great extent a repetition of that which has been said to you by the Secretary of the Treasury, Mr. McAdoo.

I concur very generally in the viewpoints he has expressed, and anything that I may have to say will be principally supplemental to that which he has said.

To my mind this is a very important measure, by virtue of the fact that you are dealing with a line of commerce that is not entirely and at all times under the jurisdiction of our Government. It is only under the jurisdiction of our Government when it is being carried in American bottoms, or when it is within American waters. At all other times, and under all other conditions, it is out from under the jurisdiction of our Government, and can not be dealt with in exactly the same way as you would deal with purely internal affairs.

That has been one of the reasons for the dwindling of an American merchant marine. We have endeavored to deal with it upon the theory that we could handle it in exactly the same manner as we handle internal affairs, and yet our vessels have had to go out in competition with the vessels of all the world.

I do not believe that we will be able to build up an American merchant marine at an early period unless we pursue a policy similar to the one outlined in this bill. I believe that it is not only needed for the purpose of meeting an emergency, but is needed also as a permanent institution. It is an emergency measure, because capital invested in the seagoing trade goes there for exactly the same reason that it goes into business enterprises on land. Capital will not seek investment on the sea, even when it can find profitable investment there, if it can find more profitable investment somewhere else. Capital invested in vessels will not engage in profitable lines of trade in any one given direction if it can find more profitable trade to engage in.

And whenever you have an abnormal condition, such as we are passing through at the present time, then there is the tendency of invested capital, capital invested in vessels, to seek to utilize those vessels in the most profitable trade available.

When men engage in transportation of material by sea their primary interest is in the profits from the transportation. Their interest in the trade itself is but secondary. Their interest in it is only in so far as it affects their ability to secure the highest possible profits in the transportation of the freight. And hence when abnormal conditions arise, instead of the sea business of the United States being taken care of in accordance with the best interests of that business, the commerce of the sea is taken care of in accordance with the best returns that can be secured from the handling of that commerce. That has been, in a great measure, responsible for the taking of vessels from the Pacific to the Atlantic, that has been mentioned in the testimony here this afternoon. They were taken from the Pacific not because they could not be operated profitably on the Pacific, but because they could be operated more profitably on the Atlantic.

If you provide means, such as you provide here, by which a corporation controlled by the United States Government, the stock owned by the United States Government, can own vessels to be utilized in such trade the primary object of which would be to take care of our commerce and our industrial affairs within our country rather than the making of profits out of transportation, then those vessels could be utilized whenever an emergency arose, such as we are facing at the present time; if we owned them at the present time, they could be utilized in the present emergency in taking care of transportation on the Pacific.

It does not follow that if the Government engages, through a corporation, in lines of trade where private capital has not been profitably engaged in the past that it would necessarily be unprofitable for the Government. The only thing that is sure in connection with it is that private capital is not engaged in it. That it may have been able to engage in that line of trade profitably or may not have been able to engage in it profitably has not been demonstrated and can not be demonstrated until you have made the actual experiment.

It is not to be expected that private capital will engage in a business enterprise where those who engage in it have not at least the vision that it can be engaged in profitably.

The CHAIRMAN. If I understand it, your thought is this: That the Government might operate vessels without loss in trade where private parties might not care to operate vessels because the vision of profits would not be sufficiently inviting for them to provide the service.

Secretary WILSON. Exactly. That is my position—that private capital will invest where it believes it will get the greatest returns. Private capital would not invest even where it is sure it can secure a return of 1, 2, 6, or 10 per cent upon the investment if at the same time in some other line of investment it can secure returns of 15 or 20 per cent. So that it does not follow that because private capital is not engaged in it that it can not be operated profitably.

I think it is acknowledged, so far as our Naval Reserve is concerned, that is, so far as our auxiliary vessels for our Navy is concerned,

that there has never been as many supplied to the Navy as are needed during periods of war. It has not been deemed advisable; nor would it be advisable to do so if the vessels which are supplied to the Navy in times of peace, sufficient to equip it in time of war, were to remain idle during all the periods of peace.

We never know—we never can know for any great length of time in advance just when we may be forced into conflict, whether we have the present size of Navy or a larger size of Navy; and one of the first things essential for us to do will be to furnish the necessary auxiliary vessels to make our war vessels the most highly efficient possible. If we do not provide by these means the necessary auxiliary vessels, then we will have to do in the future as we have done in the past when war confronts us—go out into the market and buy the vessels that are necessary, and equip our Navy with those vessels at prices which are abnormal. And then, if we continue to pursue the same policy, after our use of them is over, again sell them at a loss. I submit that it is better economic policy to provide those auxiliary vessels during periods of peace when the costs are more likely to be normal, to be utilized during those periods of peace in the carrying of the commerce of our country in the manner that has been suggested in this bill.

So far as the bill itself is concerned generally, I concur in the principles embodied in it. But there are some suggestions of amendment that I desire to make and to assign my reasons for them. One of those has been discussed by Secretary McAdoo to-day. In section 3, page 4, after the word "Tutuila" in line 14, I would insert the words:

"or in the coastwise trade in connection with and incident to the transportation of commerce with foreign countries, the Philippine Islands, the Hawaiian Islands, or the islands of Porto Rico, Guam, and Tutuila."

And I would do that for what seems to me to be sound economic principles. I believe that privilege should be given to all vessels that come under American registry for the same reason that I would give it to these vessels. But there is a stronger economic reason why that privilege should be given to these vessels. It is contemplated, as one of the purposes of this act, that we shall go out into all parts of the world and build up commerce with other nations. The building up process means that you will not always be able to get a full cargo from port to port. It will be necessary during the building-up process to take cargoes from various ports in our country to various ports of the country to which you are destined, or possibly to different countries; and in coming back it will be necessary to take cargoes or parts of cargoes from various ports of the country from which you come to various ports in this country.

If your vessel starts from South American countries with cargoes, part of which are to be delivered at Galveston, part at Charleston, part at Baltimore, and part at Boston, when it reaches Galveston and discharges a part of its cargo destined for that port it can not, unless you adopt an amendment of this kind, fill up the balance of its cargo space with cargo from Galveston to any other of the United States ports. When it goes to Charleston the same situation confronts it. And so it is compelled to carry a part cargo from the first port of call to the final port of call without having the opportunity of taking on coastwise cargo, which should bear part of the burden

of transportation when it is traveling in that direction any way. The inevitable result will be that if it is operated at cost even, the inevitable result must be that the cargoes carried between the different ports of the United States and different foreign ports must bear the entire burden of the cost of the vessel plying between the different ports, but with a part cargo between those points.

Mr. HARDY. So that, Mr. Secretary, with this amendment one of these vessels might be a profit-earning venture while without it it might lose money.

Secretary WILSON. Yes. Suppose you had a vessel, as I have stated, that has the right which will be granted by this amendment; it comes to Galveston with a full cargo from South America——

Mr. HARDY. While you were trying to establish a line.

Secretary WILSON. While we were trying to establish a line. It comes to Galveston with a full cargo from South America; it disposes of part of its cargo there; it takes on cargo from Galveston to Charleston to fill in that portion of its cargo space which has been vacated by the cargo it discharged at Galveston. It charges, as a matter of course, the local rates for transportation of that cargo from Galveston to Charleston. Then when it gets to Charleston it discharges another portion of its foreign cargo; it takes on another portion of domestic cargo; it discharges also a portion of its domestic cargo; it takes on more domestic cargo to fill in the space vacated, and goes on to Baltimore, does the same thing there, and then goes on to Philadelphia, to Boston, to New York, to Providence, or any other point along our coast. The entire cost of operation, so far as that space is concerned, is borne by the coastwise trade, and the only cost that would have to be borne by the foreign commerce would be the portion of the space that it actually occupied. Your vessels, operated under those circumstances, might very readily operate at a profit, where if they were compelled to carry complete cargoes between port and port they would be compelled to operate at a loss.

And so, for the purposes of this act, I would give to those vessels the right to engage in the coastwise trade in connection with and incident to the trade with foreign countries and with the insular possessions which have been enumerated in this bill.

Mr. ROWE. But that only affects foreign-built ships; domestic-built ships can do that now?

Secretary WILSON. Domestic-built ships can do that now, but foreign-built ships can not do that. Those are the ones that will be affected, the foreign-built ships.

I would insert a similar amendment wherever the same line of statement occurs in the bill, such as in section 4, on page 5, in line 18, after the word, "Tutuila" I would insert the same words, and in section 8, on page 10, line 25, after the word "Tutuila" I would insert the same language, except that I would use "and" instead of "or."

Then, in section 11, where you provide for a naval reserve, I would make it more clear than it now is, that in return for the money you undertake to give to those who join the naval reserve you get some returns in training. It is possible that the language used, "under such regulations as may be prescribed by the Secretary of the Navy, with the approval of the board," could be construed to include train-

ing. But in order that it be made clear that it would include training I would insert, after the word "regulations," the words "and with such requirements for training," so that it would read, "Under such regulations and with such requirements for training as may be prescribed by the Secretary of the Navy, with the approval of the board," in order to make the paragraph entirely clear.

I listened to-day to the discussion concerning the provisions of section 6 of this bill, and particularly with regard to that portion of it which provided, "and hereafter no vessel registered or enrolled under the laws of the United States shall be sold to any person, firm, or corporation other than a citizen of the United States, or transferred to any foreign registry without the approval and consent of said board," and so on. I think I understand and I fully sympathize with the purposes of that section; but I fear that in order to get away from one difficulty you are creating another economic difficulty which will be still worse.

Since the beginning of the war in Europe there have been a great many vessels that have come under American registry. Some of them will undoubtedly remain whether we pass this measure or not. Some of them may leave American registry as soon as the war is over if a measure of this kind is not adopted. If I understand the purpose of this section, or this portion of this section, it is to make it impossible for the foreign vessel owners to take refuge under our registry during periods of world disturbances and then after the world disturbance is over to leave the American registry.

Mr. GREENE. Let me ask you a question right there: Would that provision leave it in the discretion of the board? It does not say that they shall not do it if the board sees fit to do it.

Secretary WILSON. I am coming to that phase of it. It does not make it impossible for the vessel under American registry to leave American registry; what it does do is to make it impossible for a vessel to leave American registry without first having secured the consent and approval of the board.

Mr. GREENE. Yes; and if it were possible then they could not do it; if they could not get their approval they might.

Secretary WILSON. Without having the consent or approval of the board it would not be possible for them to transfer from American registry. Now, suppose you had had a provision of that kind in existence when the war began; how many of those vessels that have come under American registry since then would have come under American registry with this kind of a provision, that they could not without the consent of the board leave that registry? They would have remained there under the flags under which they were operating or they would have gone under some other neutral flag where a complete title remained to their vessel.

Mr. CURRY. There are very few foreign countries that permit that now.

Secretary WILSON. There are quite a few that permit it, and those that do not permit it, in my judgment (and I do not present this as a hard and fast idea from which there would be no retreat on my part; I am presenting the thought for the consideration of the committee, for such action as it may see fit to give it) it occurs to me that if you undertake to limit the title which the owner has to his

property, by saying to him that he can not dispose of that property except by and with the consent of a board herein created, the men who are going to engage in the overseas trade may have their vessels built in American ports, may have them built abroad, but wherever they have them built they will have them registered where they have the most complete title to their vessels; and instead of building up a merchant marine it would simply result in our retaining what we already have, which is not great, and prevent us from securing more in the future. I may be entirely wrong in my economic analysis of the operation of that section, but I commend it to the careful consideration of the committee.

Now, Mr. Chairman, I said when I started in that what I had to say would be supplemental to what the Secretary of the Treasury had said. I merely in addition want to call attention to the fact that the American labor movement, which comprises a very large portion of our citizenship, is interested—

Mr. HARDY. Before you leave that question you last suggested. You suggested it rather as a fear than as a conclusion?

Secretary WILSON. Yes.

Mr. HARDY. Now, as to American-built vessels, which have always had the privilege of the coastwise trade when under our flag and our register: As a matter of conclusion, do you think that there would be any danger with that provision remaining there (and I am like you, I have the fear, but I have not decided), any likelihood of an American-built vessel prizing so highly its privilege to sell abroad that it would decline to come under this?

Secretary WILSON. There is that possibility. You limit the market by this provision. You limit the market in which a vessel can be sold whenever the owner desires to dispose of the vessel. It is limited to purchasers who are citizens of the United States. By limiting the market in which it can be sold you thereby decrease the possible value of the vessel itself, and that would apply to the vessel, whether it were an American-built vessel or whether it were a foreign-built vessel that had once come under our registry.

I can understand fully why a provision of this kind should be placed in the bill, to be applied to all vessels which are leased or sold by this board, because one of the purposes of this board—

Mr. HARDY. Does not that apply here to the same extent?

Secretary WILSON. Oh, no; it does more than that; because one of the purposes for the creation of this board and the giving to them of the powers which they have is to give them control over vessels which may be used as auxiliary vessels as well as for the expansion of our commerce. So that I can understand fully why it would be necessary to have a provision in this section whereby those vessels which are leased by the board, or sold by the board, would still remain under American registry, and could not be disposed of otherwise. But this goes to a broader field, and asserts that no vessel under American registry can be transferred without the consent of the board, and I fear the economic effect of a provision of that kind in this law.

Mr. HARDY. Right there. Perhaps you are right about this bill, but I was going to say the fear you express is probably intended to be met by the permisison that the board may give the owner of the vessel, so that I apprehend it was supposed that the owner of the vessel

could always get the consent of the board to sell the vessel unless it was in time of war, when the needs of our country required that the owner of the vessel should be refused the permission. In other words, in normal times if some excessive demand somewhere else should enable the shipowner to go elsewhere and get a price for his vessel he would have no trouble in getting permission to sell; but if we had a condition like that which exists now, when we needed the vessel worse than any other country, even though some other country might in stress be willing to pay a higher price for the vessel, I apprehend he could not sell. I think the granting to the board of the right to give consent was intended to meet the objection you have expressed.

Mr. CURRY. In other words, put it this way: At the present time we are losing nearly as much tonnage as we are gaining; that is, we have gained, under the law passed last year, some tonnage, but we have sold a great many ships to foreign owners, and they have transferred to their flag. Don't you think that in a condition like that confronting the United States at the present time that this board or some other board ought to have the authority to say, in a condition of this kind, that an American ship ought not to be sold to a foreign owner?

Secretary WILSON. No; I do not think so. The only time that such power should exist in any governmental authority as applied to our vessels is during a period when the President has declared our neutrality because of wars existing abroad or during a period when we are at war ourselves; and I do not believe this power should be granted to a board under any other conditions than these abnormal conditions.

Mr. CURRY. This board would undoubtedly authorize the sale of American ships in times of world peace.

Secretary WILSON. It is optional with them, however—

Mr. CURRY. Certainly.

Secretary WILSON (continuing). As to whether they will or not, and it will depend in great measure upon the concept that the board has as to the purpose of this particular act as to whether they do or not. And upon the face of it it seems to have the appearance of endeavoring to retain under American registry every vessel that takes out American registry. And by virtue of the fact that you undertake to retain those who come under American registry you are apt by that very act to prevent them from taking American registry. That is the thing that I fear, and I throw it out merely as a suggestion and not as an absolute conclusion.

Mr. CURRY. I am sorry I broke in on your speech; but that is one of the best features in the bill, according to my judgment, and I am sorry to see you take the stand you do.

Secretary WILSON. As I have stated, I want to call attention to the fact that the American labor movement, representing a large portion of our citizenship, is interested in the passage of a measure of this kind.

I may say in passing that while I have suggested some amendments I have suggested them purely because I believe they will make a more perfect bill than you have before you; that it will accomplish the purpose you seek to accomplish better by having the amendments I have suggested introduced than it would otherwise. But whether

the amendments are accepted by the committee or are not accepted by the committee, I believe that the great purpose that is sought to be accomplished by the bill will be met to such an extent by the bill as it stands now that I for one would not jeopardize the passage of the measure by insisting upon any amendment to it.

The American Federation of Labor at its convention in San Francisco on November 16, 1915, adopted a resolution (resolution No. 33) indorsing this particular kind of legislation, and I would like to insert the preamble and the resolutions in the record, if I may.

The CHAIRMAN. If there is no objection, that may be done. (The resolution will be found at the conclusion of the Secretary's statement.)

Secretary WILSON. The annual convention of the International Seamen's Union of America, in convention at San Francisco, August 4, 1915, also adopted resolutions favorable to this kind of legislation, which I would like to have included in the record. And the thirty-third annual convention of the Illinois State Federation of Labor adopted similar resolutions, which I would like to have included in the record.

The CHAIRMAN. It will be so ordered, without objection. (The resolutions will be found at the conclusion of the Secretary's statement.)

Mr. CURRY. I notice, Mr. Secretary, that you and the Chief of the Bureau of Navigation agree on the proposition that this bill is providing machinery for the permanent entry of the Government into the shipping business. But upon that proposition you and the Secretary of the Treasury do not agree. The Secretary of the Treasury says that this is a temporary emergency.

Secretary WILSON. I do not quite understand that that is the position of the Secretary of the Treasury. As I understand the Secretary of the Treasury's position, he draws a distinction between the Government going into the shipping business and a corporation going into the shipping business in which the Government owns a majority or all of the stock, and that the Secretary of the Treasury makes a very decided distinction between the two.

I feel that this is the manner in which this matter should be handled: It should be handled through a corporation instead of handling it directly through the Government. If you undertake to handle it directly through the Government, then you would have to amend your laws relative to going into the Court of Claims. As it is now, no one can sue the Government without going into the Court of Claims and having an adjudication of the question in dispute. Then before you can recover, no matter what has been awarded by the Court of Claims, you have to come to Congress and secure the passage of a bill authorizing the payment of the amount awarded by the Court of Claims. That machinery would have to be amended entirely before the Government could go into the shipping business direct. But when you undertake to organize a corporation and own a majority or all of the stock of that corporation, then that corporation comes under the same laws and regulations that other corporations do, and can sue or be sued, and when a judgment is obtained in the courts a recovery can be had entirely in the same manner as recovery is secured against any other corporation.

Mr. CURRY. That statement of fact and law is understood, I think. I was very careful to make my question very explicit to the Secretary of the Treasury, and from his answer I think he disagrees with you in your conclusion. I asked him if, in his opinion, he thought the Government at any time in the future would be called on to appropriate more than this \$50,000,000 for this corporation, and he said he did not think so. Then I asked him if it was a temporary investment on the part of the Government in this proposition, or whether it was a permanent entry by the Government into the merchant marine business, through this corporation, and he said he did not think it was a permanent entry. You and the Secretary of the Treasury seem to disagree on that.

Secretary WILSON. No; I do not think we disagree at all. I think I understand the Secretary's position, and I don't think we disagree whatever. I do not believe that any man (and I think the Secretary of the Treasury takes the same position) can at this time say what any future Congress may do, or what any future administration will recommend. That is entirely problematical, and there is no man living at the present time who is able to give either an affirmative or a negative answer to the question as to what a future Congress or a future administration is likely to do.

Mr. CURRY. But, in your opinion, it is a permanent entry of the Government into the shipping business through this corporation?

Secretary WILSON. If this bill is enacted into a law it would stand until it was amended or repealed.

The CHAIRMAN. Right on that point, Mr. Curry, if the Government was going into the business permanently to supply all the needs of our American merchant marine, it would involve the expenditure of much more than \$50,000,000, would it not?

Mr. CURRY. Yes; and that is what I asked the Secretary of the Treasury.

The CHAIRMAN. And that could not be done without the future action of Congress.

Secretary WILSON. And that at the present time, Mr. Chairman, does not seem to be essential. What the future people in Congress or the future people administering the Government may look upon as being essential we can not say, of course, but it does not seem, at the present time, to be necessary to expend more than is proposed to be expended in this bill. As was so clearly stated by the Secretary of the Treasury the influence of the vessels that may be provided by this bill, although the number may be small, the influence which they will wield upon transportation by sea is incalculable; but, at this time, it does not seem to be at all necessary to provide for the expenditure of more than the \$50,000,000 already provided in this bill.

Mr. CURRY. In Great Britain they construct ships, or they have constructed ships, or did construct ships before this war, cheaper than we do in the United States. I do not think there is any particular reason why the difference in cost should be so great, as the material in the ships only costs about three-eighths of 1 per cent more than in this country, although the labor is considerably higher. But one of the reasons, in my opinion, for the excessive cost of ships in this country over Great Britain was that the types of ships are standardized there.

Secretary WILSON. That was brought out very clearly in the investigation by the committee conducted by Judge Alexander in the Sixty-second and Sixty-third Congresses, that the one great reason why vessels cost more for building in this country than they do abroad is because vessels are standardized abroad. The different yards build certain types of vessels over there, while in our yards they build various types. And it was clearly stated to our committee during the bringing out of that testimony that men may go to the Clyde, the Tyne, or other shipyards there and ask for bids for building certain types of vessels and they would be told frankly that the yard did not build that kind of vessel and they would not bid on it, but they would refer them to some other yard where they built that particular type of vessel. We have not been doing that, which is due to the fact that we have had a very small merchant marine, and there has not been the same opportunity for expansion of our yards. Now, if you supplement the legislation that has already been passed by passing legislation of this character and build up a big merchant marine, then the tendency will be on the part of our shipbuilders to standardize the vessels that they build also.

Mr. CURRY. That would be a matter of business. It would not be necessary to pass any law ordering them to do that. I have a concrete case in point. The Union Iron Works, in San Francisco, three or four years ago constructed a ship on a bid of \$1,000,000. They constructed identically a sister ship, from the same plans and specifications, at a saving, if I remember correctly, of \$200,000 or \$300,000. In this country, for every ship, nearly, that is constructed or built, they draw separate plans and specifications; they have not any standard form or type of ship, but when they do build more than one of similar type, they can build the second ship cheaper than the first.

Secretary WILSON. That was also clearly shown to the committee, that on the Lakes, where they do standardize, we build ships cheaper than where they are built on the Clyde, the Tyne, or anywhere else in the world.

The CHAIRMAN. We are very much obliged to you, Mr. Secretary.

RESOLUTION NO. 33. ADOPTED BY THE AMERICAN FEDERATION OF LABOR AT ITS CONVENTION IN SAN FRANCISCO, CAL., NOVEMBER 16, 1915.

Whereas the American Federation of Labor is unalterably opposed to ship subsidies which take public moneys for the purpose of promoting private gain; and

Whereas an American merchant marine can be built up on a basis that will give freedom to the seamen and safety to the traveling public without resorting to subsidies; and

Whereas the present world crisis has demonstrated that the building up of an American merchant marine is essential for the extension and protection of our foreign trade and vital to the interests of all classes of our people; and

Whereas an American merchant marine, with an American personnel, is the only safe method of providing an effective naval auxiliary which will promote our commerce in times of peace and furnish us the means of defense in times of danger; and

Whereas private capital has failed during the past 50 years to develop or maintain a merchant marine under our flag, leaving the vital interests of the country unprotected either by the building and operation of the necessary ships or the creation of a trained body of seamen, upon whose allegiance the country must depend in a crisis: Therefore be it

Resolved, That the American Federation of Labor is heartily in favor of the immediate creation by the United States Government of an American merchant

marine to be manned by American seamen under conditions that will make them an effective naval reserve, and recommends to the Congress of the United States prompt passage of legislation for the establishment of a shipping board for the building or purchase of vessels by the United States Government to be operated for the development of our foreign trade under conditions that will give safety to the traveler and freedom to the seamen and to be available as an effective naval auxiliary for the protection of our country in time of war; and be it further

Resolved, That the executive council be directed to present this resolution to the President and Congress of the United States and that all affiliated bodies be advised to adopt and submit the substance of this resolution to their respective Senators and Congressmen.

RESOLUTION NO. 11, ADOPTED BY THE NINETEENTH ANNUAL CONVENTION OF THE INTERNATIONAL SEAMEN'S UNION OF AMERICA.

AUGUST 4, 1915.

Whereas shipowners and their associates insist that they can not operate vessels under the American flag in competition with vessels under the flag of some other nation unless they be permitted to run their vessels in their own way without being hampered by laws and rules that exist for the purpose of protecting the freedom of the seamen and the lives of passengers; and

Whereas, after more than one century of practically such condition, the United States, at the opening of the present war in Europe, found itself with very few vessels in the foreign trade, and practically no native or naturalized seamen in any trade; Therefore,

Resolved by the International Seamen's Union of America in convention assembled, That we favor the so-called McAdoo shipping bill and urge its enactment into law.

Resolved, That a copy of these resolutions be forwarded to Mr. McAdoo, Secretary of the Treasury; to the proper committee of Congress; and to the press; and further

Resolved, That these resolutions be submitted to the convention of the American Federation of Labor for adoption, and our delegates there be instructed to do all in their power to furnish said convention with all the facts, to the end that the labor movement of the country be fully informed.

RESOLUTIONS ADOPTED BY THE THIRTY-THIRD ANNUAL CONVENTION OF THE ILLINOIS STATE FEDERATION OF LABOR RE SHIP-PURCHASE BILL.

OCTOBER 22, 1915.

Whereas after 21 years had elapsed since the seamen's bill was first placed before Congress, after testimony filling many printed volumes had been heard, in the taking of which the shipowners, including representatives of foreign shipping interests in person and by attorneys, were given every opportunity to disprove the claims of the seamen, after careful consideration by the Committee on the Merchant Marine and Fisheries of the House of Representatives and the Committee on Commerce of the Senate, and after having been the subject of debate in both Houses on numerous occasions, the Sixty-third Congress enacted the bill into the law now known as the seamen's act; and

Whereas the said act provides freedom and an opportunity to secure justice for the sailor, promotes safety of life at sea for the traveling public, and will make possible the upbuilding of the American merchant marine without the aid of subsidies; and

Whereas the shipping interests are clamoring for a repeal of this act, the shipowners of foreign countries using their American partners as press agents to influence the public mind against the law, and the shipowners in the American coastwise trade who have a monopoly by law (no foreign vessels being allowed to enter the coastwise trade, although there is no such restrictions as to the nationality of the men employed on such vessels) are opposed to the upbuilding of American merchant marine in the over-sea trade because more American vessels means more competition in the coastwise trade; and

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Whereas the shipping interests, both American and foreign, continue to insist upon the repeal of the law and the reestablishment of the slave system under which seamen can be and are forced to endure involuntary servitude, the shipping interest claiming that such slave system is necessary to their business; and

Whereas there is now before the country, introduced in the last Congress and will be reintroduced in the next Congress, a bill known as the ship-purchase bill providing for the purchase and operation of merchant ships by the United States Government; and

Whereas private shipowners, by their insistent demand for the repeal of the seamen's act and the continuation of the slave system on board ship, have again furnished proof that they are unfit to control the sea commerce of the United States: Therefore, be it

Resolved, That the Illinois State Federation of Labor in convention assembled protest any and every attempt to repeal or emasculate the seamen's act: And further

Resolved, That this convention also hereby urges upon Congress the necessity for the enactment of the ship-purchase bill, providing for the operation by the Government of properly constructed, equipped, and manned vessels in the merchant trade, as a safeguard to the Nation, to the traveling public, and to the seamen, against the greed of private shipowners: And further

Resolved, That copies of this resolution be sent to the President of the United States, to the members of the President's Cabinet, and to the Senators and Congressmen from the State of Illinois.

(Thereupon, at 5.15 p. m. the committee adjourned to 10 o'clock a. m. Friday, February 18, 1916.)

CREATING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Friday, February 18, 1916.

The committee met at 10 o'clock a. m., Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. We have with us this morning Mr. Devereux Lake, manager of the export sales office of the American Cast Iron Pipe Co., of Birmingham, Ala., whose address is No. 41 Broadway, New York City. He will call our attention to a very exasperating condition in the matter of the transportation facilities in the foreign trade.

STATEMENT OF MR. DEVEREUX LAKE, 41 BROADWAY, NEW YORK, MANAGER OF THE EXPORT AND EASTERN SALES OFFICE OF THE AMERICAN CAST IRON PIPE CO., OF BIR- MINGHAM, ALA.

Mr. LAKE. Mr. Chairman and gentlemen, I am here as the representative of the American Cast Iron Pipe Co., of Birmingham, Ala.

The CHAIRMAN. I will say at this point that a letter was written to the Secretary of Commerce by the representative of this firm. That letter was placed in the record February 10 (p. 126), and this gentleman refers to the same matter.

Mr. LAKE. I want to say at the outset that I did not come to Washington to advocate nor to oppose the shipping bill. Through the courtesy of Secretary Redfield, of the Department of Commerce, I was introduced to your chairman, who invited me to place our trouble before you gentlemen. We had already appealed to the Department of Commerce for assistance and relief in the face of a business dilemma with which we are confronted at the present time.

In order to get the facts before you in a salient form, I am going to ask the privilege of referring to some notes which I have made, inasmuch as I am not accustomed to appearing in public meetings. And I must confess that my knees are a little weak and my mind does not work as well at first.

I am here as a last resort asking you, if possible, to help us solve the problem which we are powerless to solve ourselves. As we say down in Alabama "there ain't no nigger in this woodpile." We are laying our cards on the table before you. And I would like to say, in the beginning, that we have no quarrel with any steamship owner or steamship company of this country. We are good friends of the ship companies, as we are also of the railroads, and it is to our interest to work harmoniously with them. As the largest individual

pipe foundry in the United States, with a daily capacity of 400 tons of pipe, we turn over to the transportation lines a good many thousand tons per month and per year. If our steamship companies could give us relief or handle the business we have to offer them to-day on anything like reasonable terms, we would not be here now.

In order to introduce this situation, I am going to refer to the letter which the chairman has mentioned. Some 10 days ago I wrote to Dr. Pratt, Chief of the Bureau of Foreign and Domestic Commerce, who has rendered us invaluable assistance in getting us in touch with the export field. The letter to Dr. Pratt was prompted by a cable which I received from our agents in Buenos Aires, advising us that the Argentine Republic would receive proposals on the 14th day of March, next, for approximately 28,000 tons of cast-iron water pipe. In view of the abnormal freight situation, I wrote to Dr. Pratt, putting this matter before him and advising him of the situation. I told him that within a short time the president of our company, Mr. G. R. McWane, would arrive in Buenos Aires, and that I expected a cable from Mr. McWane on his arrival which I felt sure he would send in order to find out what we might do in the way of getting freight rates. I told Dr. Pratt that we had investigated the situation and there seemed to be absolutely no chance for us to get any regular steamship line to make us a definite freight rate on this movement. In view of that situation I asked Dr. Pratt to bring the matter before the Department of Commerce and the Congress of the United States, in order to ascertain if any help could be given us from these sources.

Now this we consider a unique opportunity could we take advantage of it. Practically all of the water pipe for the Argentine Republic has been furnished by European foundries; but on account of the war in Europe the French, Belgian, and Germans are now out of that field. Our only competition to-day in this business will be with the British.

Last spring I had the pleasure of making a six months' visit to South America, visiting all the capitals of the various countries. The principal obstacle that I found in the way of our being able to introduce our water pipe was due to the fact that heretofore our American specifications have been unknown. It is specifically prescribed in the official publications of those countries in which they advertise for bids that pipe shall come from well-known European foundries. They have not even recognized the fact that we have foundries in this country, and are in a position to furnish pipe as they want it. Furthermore, European foundries have furnished pipe according to European standards, that is, French, German, and Belgian standards, to which the British, in recent years, have also conformed. Their measures are all in the metric system, and our chief difficulty was in getting them to see that our American specifications were as good as the standards that they had adopted. I may say that it was with great difficulty and only with the assistance of the commercial attachés in Chile and Argentina that we were able to get the public works officials to let down the bars for us and for our specifications; and now that the bars are down this is the first opportunity, in the Argentine Republic at least, for us to make good.

Mr. CURRY. Right there, if you have no objection: It has been my opinion and my experience that one of the great reasons that the United States has not more commerce with South America is that we will not and do not, and the business men of the United States will not and do not comply with the plans and specifications that are desired by the South American people. It would be just as easy for you to make that pipe according to the metric system as it is in feet and inches, but you will not do it. And why do you wish to force the South American people to take our standard when they want the metric system? You go down there and want them to dress as you dress, and they don't want to dress that way.

You go down there and want them to take your system of feet and inches and yards, and they want the metric system. It would cost you possibly a little more to start manufacturing according to the metric system, but Great Britain, Germany, and France do it. But we have the double system here, and why do you want to force them to take your system when you could sell by the metric system? That is the reason they do not buy from you.

Mr. LAKE. I agree with you perfectly, sir. The metric system is undoubtedly superior to the one we have adopted, and I wish the Congress of the United States or some other authority would make the metric system the legal system of this country.

Mr. CURRY. The metric system is the legal system; so is the other. If you want to deal according to the metric system with the people who use it, you can do so.

Mr. LAKE. I will say further, however, that we have agreed, as far as we are able, to conform to the demands of those South Americans. We have agreed to make pipe in metric diameters, which we have never done before. We can not, however, make the pipe in metric lengths without really building our foundries over. It would involve the expenditure of a great amount of money, many millions of dollars—as many millions of dollars as are invested at the present time in these foundries. I hope, however, that the time will come when the business that we can build up in this country will justify those changes.

Mr. CURRY. You would not have to build the foundries over, would you? In Great Britain they do not build them over, and why build them over here? To conform to the metric system you do not have to have any other foundries as far as the length is concerned.

Mr. LAKE. We would have to build entire new equipment; we have to have new flasks and new pits, and we can not do that without practically rebuilding our foundries.

Mr. CURRY. It has only been recently that you have not had all the ships you want to take everything you could sell to South America. The trouble with the trade to South America is that you people have not given those ships enough commerce to make it profitable.

Mr. LAKE. Very true.

Mr. CURRY. And the reason you have not been able to sell to South America is because you won't manufacture according to the metric system; and then you come to Congress to get Congress to do something. You have the South American Republics up here talking about the great opportunities between the United States and South America, and yet the business men will not, do not, and have not,

and under the present conditions, when the trade is open, will not, manufacture according to the way those people want, and you won't pack the goods the way the people want them packed. And then you wonder why it is that they go over to Great Britain and to France and Germany to buy those goods.

Now, it is not the ships to South America; you have had those. You do not have the ships now, at this minute, because of the war. But the reason why South America wants to buy over there is because they can not buy anywhere else; and the moment they can buy the goods the way they want them, even if you had a thousand ships running between here and South America, if you do not build the goods right they will not buy them, and you know it.

Mr. LAKE. Speaking for the American Cast Iron Pipe Co., I will say that we have already spent a good many thousands of dollars, and we propose to go further, in order to do those things that you say we have not done.

Mr. CURRY. I do not mean your company alone; what I mean is the American business men and manufacturers.

Mr. LAKE. I think that is true. We are infants in the game; we have not been in the business long, and now that we have the opportunity to get in the business we are not able, on account of lack of tonnage and bottoms, to do those very things that you say we have not up to the present time done. The business of the Argentine Republic is very large in this particular. In 1914—

Mr. HARDY. Will you let me ask you a question along there?

The CHAIRMAN. I suggest that you allow the gentleman to get through with his statement first.

Mr. LAKE. I would prefer, if it is the same to you gentlemen, that I should conclude first.

Mr. HARDY. It was with reference to Mr. Curry's question that I wanted to ask, but I will reserve it.

Mr. LAKE. In 1914 the Argentine Republic bought 200,000 tons of pipe and in 1913, 100,000 tons. The British furnished 53,000 tons in 1914, delivering those pipe on a freight rate of about \$6.50 per ton from British ports to the Argentine ports.

The CHAIRMAN. What year was that?

Mr. LAKE. 1914. As we anticipate, our president has cabled us to find out what can be done in the way of freights, so that he can make quotations. In order to know what we have to do to meet competition Secretary Redfield, at our request, cabled to Mr. Baldwin, our commercial attaché in London, to ascertain what the freight rates are on cast-iron pipe from British ports to Argentina at the present time. Mr. Baldwin cabled, in reply, that the basic rates prevailing are from \$14 to \$15 a ton. Since this cable was received our Mr. McWayne has cabled that the British foundries were working with British steamship lines and would keep us out if they could.

Since this situation has come up we have canvassed the field with a fine-tooth comb. We have been to several of the steamship lines that travel from our country to South American countries, and yet none of them are willing to name us freight rates on any future movements. We have gone further; we have taken this matter up with all of the private companies, like the United States Steel Products Co., the du Pont Powder Co., Wessel, Duval & Co., and

others, and none of them offer us any encouragement. They have more tonnage of their own to move than they can possibly accommodate. Thus, being unable to get accommodations through the regular channels, the next question before us was to find out what rates we could get for time charter.

The CHAIRMAN. At that point, did you investigate the Lamport & Holt Line?

Mr. LAKE. Yes, sir.

Mr. GREENE. From what ports do you ship?

Mr. LAKE. We ship from New Orleans or Mobile from our foundry. The following cable was received from Mr. McWane while we were working with the regular steamship lines:

Charter or buy steamer. Control imperative. Frame up on part of opposition.

I interpret that to mean "frame up," what we have known all along, that the British foundries are working on a cooperative basis with the British steamship lines to prevent us from entering this field. In view of those explicit instructions from our president, you would naturally ask, then, "Why do you not buy or charter vessels; there are plenty of vessels on the market to-day?" We have gone into this question thoroughly, and also this question of chartering, and to reduce our conclusions to a concrete basis I will say that the best rate obtainable for charter is approximately \$10 per dead-weight ton per month, on a 12-months' time-charter basis, or \$100 per dead-weight ton if we buy a vessel. In other words, a 5,000-ton vessel would cost us, to charter, \$50,000 per month; and if we bought that same vessel it would cost us around \$500,000. On the time-charter basis \$50,000 per month for three months, which would be necessary in order to make a voyage for this movement, would be \$150,000 for 5,000 tons of pipe, which this vessel would carry, amounting in round figures to \$30 per ton.

Before the war the charter rates on this same vessel, as far as we can learn, were from \$2 to \$3 per ton per month. And by this same vessel before the war it would have been from \$20 to \$30 per dead-weight ton.

Now, as manufacturers and not as steamship operators, to go into this charter business at the abnormal prices and rates would be a gamble pure and simple. If the war lasted for 12 months, maybe we would come out even; if it ended tomorrow the chances are we would be stuck for more money than we could make in the pipe business in a mighty long time. Now, we can not blame the ship-owners for getting all they can out of their ships. Most of us would do the same thing, and are sorry we can not do it. It is human nature, and human nature turned loose runs riot; and it is obvious that while the shipowners may not need some sort of checkrein, conditions which make it possible to cripple business do need some sort of governmental supervision. I am not suggesting the manner of it.

I will give you some concrete examples of the increase in rates on cast-iron pipe during the last 18 months. The freight rate published before the war and during the early months of the war to Habana, Cuba, was 17.5 cents per 100 pounds, or \$3.50 per ton. In the spring of 1915 the rate was raised \$1 per ton. The rates effective under the latest notice sent out are 22½ cents plus 5 cents handling charge, or \$5.50 per ton. I am speaking of the rates from Gulf ports to Habana.

The Chile rate from Gulf ports to Valparaiso has jumped from a rate of \$8 or \$9 to \$12.50 and \$15 per ton—from \$12.50 on 4-inch pipe to \$15 on larger sizes.

To San Juan, Porto Rico, for instance, the rates have advanced from \$3.25 to \$6.

The only foreign port to which rates have not been raised, so far as I know, is Colon, Panama.

The CHAIRMAN. And that is where we have a Government-owned steamship line?

Mr. LANE. That is where the Government owns the steamship line and is operating it. And I have been told—I would prefer that this should not go into the record—by one of the important officials of the United Fruit Co. that this is the reason, and the only reason, that the rates have not been raised to Colon, Panama.

The CHAIRMAN. That is a very valuable fact to go into the record.

Mr. CURRY. I think it ought to go into the record, Mr. Chairman.

Mr. LAKE. I merely requested that it be not put in because I did not want to use anything that might possibly—while it was not stated confidentially—he considered of a confidential nature. However, I am perfectly willing it should go into the record.

I have brought to your attention this situation, as far as the Argentine proposition goes. I mentioned that first, because it was the largest and most important from a commercial standpoint. We have another proposition in Chile. We already have orders upon our books for furnishing water pipe for three cities in Chile, the first American water pipe that was ever booked for Chile, and those are Arauco, Tocopilla, and Antofagasta. I had the honor to secure this business myself last summer. We have nine months in which to make delivery of this pipe. There were quite a number of details to be closed up, and while we have done everything we could to arrange for the freight end of it, and while we have had the matter up for several months with the United Fruit Co. and with other steamship companies in order to find out what we could definitely figure on this movement, we have really only been in a position during the last few weeks to say just how soon we could furnish or ship this pipe, and we have not, therefore, been in a position to close the business. The United Fruit Co., I will say, has made every effort to accommodate us and it has nothing, therefore, to do with the fact that we are up against an apparently hopeless situation with respect to this matter. A few days ago, as a matter of fact, Mr. Rodney, the traffic manager of the United Fruit Co., told us definitely that he would book this business for us based on rates effective on the 19th of March—I believe it was approximately the 19th of March—and would hold those rates for us for the next 90 days. That is, \$12.50 per ton.

Mr. Rodney said, however, that he could not speak for the steamship lines operating on the Pacific on the other side of the canal, and I requested that he cable the agent of the Chilean line in Valparaiso, in order to get the Chilean line to agree to work with the United Fruit Co. on this basis of \$12.50, and to protect us on that end of it. From my New York office I have just had repeated by Mr. Sweeney a cable which was addressed to us by Mr. Rodney, which says:

In the present situation of affairs on the Isthmus prospects for the near future not favorable for inducing to make engagements to the extent proposed. You must not book for Tocopilla. Time is limited to Antofagasta.

That means that the Chilean line, I take it, absolutely declines to handle the Tocopilla part of our tonnage, and declines to commit itself to protect the rates which the United Fruit Co. have made us. I can not say as yet what the effect of it will be. My private opinion is that the Chilean line is part of the British steamship combination and that the parent company is the Pacific Steam Navigation Co. or the Royal Mail. I believe the Pacific Steam Navigation Co. is what they call it. The Royal Mail is a well-known subsidiary and the Chilean line is controlled, as I understand it, by the same British interests. Therefore I do not hope for very much from this source.

Upon my return from Chile—and our competition, by the way, in Chile was with the British—the first thing that I learned on my arrival in this country after securing this business in Chile was that the freight rates had been advanced. I will not go so far as to say that the fact that we did secure this business was behind that advance, because in the light of recent events all rates have been advanced.

Another proposition that is before us is the city of San Juan, P. R., has voted to issue \$1,700,000 of bonds for the purpose of extending and improving their waterworks system. This involves the purchase of 11,000 tons of pipe—between 11,000 and 12,000 tons of pipe. I do not mean to say that we will not be able to ship this pipe to Porto Rico, because this is a future matter; but I simply call your attention to the fact that here is 11,000 tons of pipe to be moved and the capacity for bottoms with the present shortage seems to leave a doubt as to our being able to move this pipe at a reasonable rate. It would be quite mortifying, and I hope that we shall not see it come to pass, to have the British foundries furnish pipe for San Juan, P. R. Such a thing, however, is not improbable. They have furnished a great deal of pipe in Mexico, Costa Rica, and other countries right at our door.

Another proposition is Salto, Uruguay, for 5,000 tons of pipe. This pipe will be bought through a contracting firm in Chicago. We have reasonable assurance of securing a part of this business.

And I might say right here, in this connection, that only a few of the pipe foundries in this country are in a position to enter the export field. While I am speaking entirely for the American Cast Iron Pipe Co. and have no authority to speak for these other gentlemen, I will say that we have discussed among ourselves, those of us who are in a position to go after this export business, the feasibility of whether or not it would not be proper for us within legal bounds to work together on this South American business. And we have already discussed it. I won't say that the other foundries would be with us in our appeal to you to-day, but I believe they would, and I hope they would.

Mr. LAZARO. Is it your opinion that if you can get your goods in there during the war that you can hold this business after the war?

Mr. LAKE. Yes, sir; we hope so. But we certainly feel that if we do not get our goods in now we will never have an opportunity to do so again.

Mr. CURRY. Do you not know that if you do get your goods in now and have a monopoly of the South American trade, without you manufactured according to their system you could not hold it?

Mr. LAKE. Not at all; no, sir. We have already gotten the Chilean Government to accept our water-works specifications, and instead of excluding us they are receiving alternate bids for the American water-works specifications. We have also done the same thing in Brazil. The fact that European specifications have been so far accepted is because British capital is largely interested in South America and we are not. We have simply been in the field alone.

Mr. HARDY. Can not your people convert your measurements into the others and offer them in parallel columns by the English measurement and the metric system?

Mr. LAKE. I did not get that.

Mr. HARDY. Is it not possible for you, in making your contracts, simply to convert the English measurements into the metric measurements?

Mr. LAKE. Yes, sir; it is very easy to convert them, but it is a question of manufacture. It is not easy to manufacture.

Mr. HARDY. I mean for you to manufacture just as you are now, but in making your contracts to make them in terms which are in use in that country—into metric terms?

Mr. LAKE. It is very simple.

Mr. HARDY. That is very simple?

Mr. LAKE. It is a very simple matter; yes. Along that line we have gotten up a Spanish edition of our little pipe catalogue, converting those measurements for convenience along those lines.

Mr. HARDY. I thought surely you must have that.

Mr. LAKE. Now, gentlemen, we are pipe manufacturers, and we do not want to go into the ship business. But if we have got to do it, if we can snuggle up under the protecting arm of Uncle Sam while we are learning the rudiments of the game, you can believe me that we want to do it.

Mr. GREENE. I can not carry out all the realty operations in my mind which I should if the Government would say, "Here is the money; you go and speculate with it."

The CHAIRMAN. I hope the gentleman from Massachusetts heard the statement that the only route on which freight rates have not been increased has been in the trade where the Panama steamships operate.

Mr. GREENE. Oh, yes; my hearing is good so far.

Mr. BYRNES. Let me ask you this question: What did you mean by the last statement of yours that you would like to snuggle up under the protecting arm of the Government? That might be misconstrued in some way, and I wish you would give us clearly what you do mean by that, whatever it is?

Mr. LAKE. I mean that if this ship bill passes, or if any other similar measure passes, by which the Government of the United States builds and operates these ships, or will build them and turn them over to us at a reasonable price, that we would take advantage of that price and that we would take advantage of the facilities and of the other advantages which we believe we would get by having the Government supervise or act as a guardian over these ships.

Mr. EDMONDS. You represent, I believe, a pipe company?

Mr. LAKE. Yes, sir.

Mr. EDMONDS. Do all the pipe companies want to snuggle under Uncle Sam's shoulders, too?

Mr. LAKE. I could not speak for the others.

Mr. HARDY. Mr. Lake, a question arose which I wished to ask you while you were speaking about smuggling up to Uncle Sam. In the testimony here yesterday as to these vessels being built by the Government and offered for private charter or sold to a private corporation there were a good many questions propounded to find out why private companies would charter these vessels in preference to the vessels of private owners. And let me ask you if this would not probably be the situation: If the Government built these vessels, it would only be desired by the Government to make at the most a reasonable profit, and if the Government had these vessels to offer for charter would they not now and apparently within the next two or three years have bidders coming to them in competitive lots to get these vessels, and is it not altogether probable that if the Government had 50 or 60 vessels instead of having difficulty in leasing them on favorable terms they would be run after?

Mr. LAKE. As far as we can say, as I have stated, we are in the market to-day for a vessel, and we would prefer and we would immediately enter into a contract with the Government to buy such a vessel as they might have for sale.

Mr. HARDY. I just wanted your opinion. Is it not probable that they would have competitive bidders for all the vessels they could furnish?

Mr. LAKE. Yes; without a doubt, in my opinion.

Mr. HARDY. At any reasonable figures?

Mr. LAKE. Without a doubt.

Mr. EDMONDS. You mean, of course, only at the present time? You do not mean that that condition would exist after this war is over and things returned to a normal state?

Mr. LAKE. I can not speak for the future, of course. I would say, though, that in my judgment there will be an increased demand on the part of manufacturers for such vessels as can be furnished.

Mr. EDMONDS. In ordinary normal times, though. Of course, you mean that the manufacturer is going to get the cheapest charter in which he can carry his freight, is he not?

Mr. LAKE. Certainly.

Mr. ROWE. And if you could buy cheaper in Scotland, you would buy there, would you not?

Mr. LAKE. Of course; any business man would buy to the best advantage.

Mr. ROWE. Certainly. I am not criticising you at all; I am just saying what would happen.

Mr. LAKE. Certainly.

Mr. HARDY. That is the reason I wish the Government to have the same privilege.

Mr. LAKE. Now, gentlemen, I have given you these facts as to the relief which you gentlemen can give us from this situation. I talked to Secretary Redfield, to Dr. Pratt, and others, and it has been suggested to me by no less an official than Secretary Redfield that it might be possible to have a joint resolution introduced in Congress and that there seems to be no other way possible by which relief could be afforded us. As to this joint resolution, I will not undertake to say what it might be or how it might be drawn.

Mr. GREENE. You might let Mr. Redfield draw it.

Mr. LAKE. Yes; I would be glad to have anyone do so who is prepared. It has been suggested that the Government might have some Army transports not in actual use, or in such use that they could be converted to this purpose. This proposition is more than the ordinary mercantile proposition. I almost feel like going so far as to say that the commercial integrity of our United States is at stake in this matter. We have an emergency that faces us, and I am confident that you gentlemen can help us in some way to solve it.

The CHAIRMAN. As I understand you, the suggestion made by the Secretary of Commerce was that if there were any Army or Navy transports or naval cruisers that might be used for this purpose, they might be made available by a joint resolution authorizing the War Department and the Navy Department to turn them over to the Department of Commerce temporarily to meet this emergency?

Mr. LAKE. Yes, sir.

The CHAIRMAN. I will say, in that connection, that that subject is being investigated at this time. The suggestion was made the other day, I think by Mr. Edmonds and also by Mr. Byrnes and other members of the committee, and we are investigating the question right now, with a view to seeing if it is practicable to do anything along that line.

Mr. LAKE. I anticipate that it might be said at once that the Government has no Army or Navy transports that could be available immediately. But this tonnage of ours is not to be booked immediately, and if such a resolution could be passed I would much prefer to take a chance, if it comes down to a gambling proposition, on the good will of you gentlemen here, who have the situation in hand, and to take a chance of getting the assistance of the Army and Navy officers who might have these vessels in hand, rather than to gamble on paying the tremendous prices that we would have to pay for ships now and possibly have them on our hands at sacrifice values in a short time. I do not know that it is proper to say what we would be willing to pay. I am, of course, running a little ahead, but I imagined that question would be asked me.

The CHAIRMAN. That would be a matter of negotiation.

Mr. LAKE. Then I will not go into that. That, gentlemen, gives you a pretty good idea of the problem that we have to solve, and that we are powerless to solve. Here is the matter in the Argentine Republic, which I think offers us, as I have stated, a unique opportunity, if we could take advantage of it. We are put to the test, and the question is: How are we going to measure up; can some way be devised to back up our manufacturers who have gone down into those countries and are blazing the way, or have we got to back down and to admit that we are not big enough and ingenious enough to surmount our difficulties?

Mr. ROWE. If you got that contract in Argentina how soon would you want to move the pipe?

Mr. LAKE. The general conditions under which proposals are received usually give from six to nine months for delivery. We would probably be in a position to commence the shipments in 30 days and make them at the rate of 5,000 tons a month, I should say, approximately.

Mr. EDMONDS. The only real relief that you could get now would be an arrangement giving you the use of the naval auxiliaries or

the Army auxiliaries. That is the only way we could give you relief now. This bill will not be passed in time to help you out on this contract at all.

Mr. LAKE. No. As I have already stated, I do not come here to advocate this shipping bill. As a matter of fact, although I am ashamed to confess it, I had never read this bill myself until within the last few weeks, although we are, as manufacturers, vitally interested in this question. And I will go further and say that I have shared personally the innate prejudice or antipathy to the idea of Government ownership of steamships; but I have never had occasion to have this question brought before me in just this concrete way. We are now here as business men asking you gentlemen for help and not advocating the ship-purchase bill or any other bill. If it will help us we want it; but we want help of some sort.

Mr. GREENE. May I ask you a few questions?

Mr. LAKE. Certainly.

Mr. GREENE. Your statement seems to bear something on the line of protection to American industries. How would you feel about that? This is a sort of protection of American industries that you are asking us for. You are asking us to furnish you with conveniences that were furnished under the policy of protection. How do you feel toward that?

The CHAIRMAN. I beg your pardon; we do not furnish any protection to American shipping.

Mr. GREENE. All right. I am asking the question. Anybody can criticize anything I do at any time they please, but I have asked him that question and would like to have him say.

Mr. LAKE. If you will pardon me, I do not feel competent to answer the question.

Mr. GREENE. All right. Now, you went down in the Argentina and Chile and around through that section. You never had been there before, had you?

Mr. LAKE. Never.

Mr. GREENE. Why did you want to enter that traffic when freight rates were high, when conditions were not pleasant. Why were you so anxious to get in the traffic as to go down there now and study up the trade?

Mr. LAKE. At the time I went down there the freights were not high; and we were impelled by the same spirit of ambition and desire for expansion of our business as have been most Americans, I take it, who have gone into these fields—a trade ambition.

Mr. GREENE. You never had undertaken to exploit this business previous to the unsettled conditions of freights and the impossibility of getting freights?

Mr. LAKE. The American Cast Iron Pipe Co. is only 10 years old, sir. We have never been in a position until the last two years to undertake a program so ambitious.

Mr. GREENE. I know, but the conditions here at the time you went out to exploit this trade were very fair, and previously you had not gone out to exploit it and tried to get vessels to go there or tried to get accommodations. Now, you say you ship from New Orleans and Mobile when you ship?

Mr. LAKE. Yes.

Mr. GREENE. I was going to ask you this question, which has been brought out before: You realize it would be some time before these steamers authorized under the proposed bill would be completed and before you could be furnished with these accommodations which you want.

Mr. LAKE. If you will allow me to say right there, if we wait until the passage of this bill, sir, it would be too late for our immediate necessities.

Mr. GREENE. There was another point that you raised. You are very much stirred up about the commercial integrity of the United States now, but the commercial integrity of the United States was in the same position even before the outbreak of the war, was it not? We ought to have had this southern trade, but we did not get it; no effort was made to get it and no attempt made to meet the conditions that existed there in the way of shipping material or manufacturing material? I want to say that this is not a new subject. Nearly 40 years ago some of the manufacturers of my own city went down into the South American countries for the purpose of building up trade and selling cotton goods. Their attempt to go there then was because of the dullness of trade at home, and they were seeking an outlet for their goods in the South American countries. The report came back as to the method in which they would have to pack their goods and to ship their goods in order to meet the trade demands and to make their goods acceptable, and they would have to make them in a certain way. And under the business conditions at home the profits were so large that they said, "Well, it is hardly worth while to go into anything of that kind." Was there not something of that condition with you, that your profits were so large in your own business, and the demand so great, that you did not think of exploiting this trade before?

Mr. LAKE. No. As I have already stated, my company has never been big enough or strong enough until within the last two years to venture into this trade. The opening of the Panama Canal afforded a stimulus to many of our manufacturers. The fact that the commercial bodies all over the United States have been very much interested in this export question and the opening of the Panama Canal stimulated our efforts to establish trade relations in the Latin-American fields. Many of the railroads of the country have established publicity bureaus. The Southern Railway, I might mention, has a man in charge of a department who has been all over this country to try to arouse the interest of manufacturers. Public schools all over the country have employed Spanish teachers for the purpose of teaching Spanish as a part of their curriculum. The impetus which was started about the time and before the opening of the Canal was, of course, emphasized by the outbreak of the European war. We have all realized that it gave us an opportunity that we never had before and possibly may never have again, and we have simply endeavored, as progressive business men, to put ourselves in a position to take advantage of this opportunity.

Mr. GREENE. And provided you would be more disposed to do it if the Government would help you?

The CHAIRMAN. Without caring where the help comes from, just so you get the ships?

Mr. LAKE. Yes.

Mr. GREENE. Yes; that comes from the policy of protection in another way. Any kind of a plan that would give you the help you are willing to take?

Mr. EDMONDS. I think the gentleman from Massachusetts realizes we are all glad they did go down and try to build up this business—

Mr. GREENE. Yes; I am not finding any fault.

Mr. EDMONDS (continuing). And they deserve all the help this committee can give them.

Mr. GREENE. I am not finding fault. I want to get the idea.

Mr. LAKE. I will say this, that this company, the youngest company in this country, is the first company in this line of business to send a representative to that country; and it is, of course, costing us quite a large sum of money to blaze the way.

Mr. EDMONDS. The opportunity was there, and you took advantage of the opportunity?

Mr. LAKE. The opportunity was offered and we tried to take advantage of it.

Mr. EDMONDS. And you have been unfortunate enough to run up against bad conditions?

Mr. LAKE. Yes, sir.

Mr. HARDY. Mr. Lake, along this line, if I may be permitted to ask some questions, is it not a fact that until recent years the iron and steel industry confined its efforts largely to our domestic trade, not much seeking to compete abroad with England and the other European countries; but that recently, in the last few years, the supply has increased beyond the demands of this country and they have to go out into foreign fields; that before they went into the foreign fields they neither had nor needed means of transportation; but that since they have started into foreign fields they have begun to need transportation? And just as you were getting started, this war came on and our want of an American merchant marine became more apparent than ever before. Is not that true?

Mr. LAKE. I think that is true.

Mr. HARDY. Now you are in a situation where you can more than supply the domestic trade and you are able to compete with the foreigner in the foreign trade, but you have no merchant marine? That is substantially the situation, is it not?

Mr. LAKE. We certainly have no ships available right now.

Mr. HARDY. And now our shipbuilders are busy to the extent of their present capacity, with contracts ahead?

Mr. LAKE. Yes; I have appealed to the shipbuilders and three of them have told me they could not entertain any proposition.

Mr. HARDY. And is it not a fact, also, that capital is timid, not liking to venture beyond its depth or into the unknown future; but if the Government of the United States, in one proposition, builds 40 or 50 ships, that that amount would likely stimulate or cause the shipbuilders, with renewed confidence, to expand and enlarge their shipbuilding capacity—that one act of the Government, would it not, in your opinion, have that effect?

Mr. LAKE. Yes; possibly.

Mr. HARDY. So that if this bill should be passed and it accomplished nothing else, it would be likely to accomplish a substantial enlargement of our shipbuilding facilities, would it not?

Mr. LAKE. Apparently.

The CHAIRMAN. There is one feature of your statement I think should be emphasized, and it is this, the British manufacturers of pipe cooperating with the British steamship interests are able to get what might be regarded now, with war conditions existing, a very reasonable rate; and while there is an English steamship line, a regular line, between New York and Buenos Aires (the Lamport & Holt Line), their ships are under the British flag and we can not obtain the same advantage; is not that true?

Mr. LAKE. Yes.

The CHAIRMAN. But if you had the same rate that the British manufacturers can get to-day from the British steamship companies or if the British steamship lines trading from our ports to South America would quote the same rates to you, you could compete with the British manufacturers in Buenos Aires for this twenty-odd thousand tons of pipe?

Mr. LAKE. Absolutely.

The CHAIRMAN. And hence under the provisions of this bill, which provide that foreign steamship lines trading from our ports should treat our commerce with the same care and give us the same treatment that they do the foreign commerce, it might be worked out if we had some law under which these various interests could be brought under Governmental control. Is not that true?

Mr. LAKE. Apparently; yes.

The CHAIRMAN. And that is the purpose of section 9 of this bill, I think, on which we are all practically agreed, as far as that fact is concerned.

Mr. EDMONDS. Did you look into the reason why they made lower freights from England to Argentina? Is it not because they are bringing quite a large quantity of meats and grain from Argentina, and they are looking for return freights?

Mr. LAKE. Yes; I think that has a large bearing on the fact that they do make cheaper freight rates than we do. They carry coal, for instance, from Britain down there and take grain back. And they take other products, too.

Mr. EDMONDS. There is far more tonnage going from Argentina to-day than they can get return tonnage, and that is one reason that they are very glad to get return tonnage?

Mr. LAKE. Yes.

Mr. EDMONDS. I understood that was the case and thought that perhaps you had investigated to find out.

Mr. CURRY. And there is another reason, and that is because every manufacturer, exporter, and importer of Great Britain has a direct investment in the British merchant marine according to the volume of his business and his trade. The manufacturer and the exporter and importer in Great Britain who has not money invested in the merchant marine does not have any consideration at all. Those men who have their money invested, of course, can get preferential rates; but if the man has not any money invested in the merchant marine he can not ship goods or import in the ships, because the ships are always filled.

The CHAIRMAN. I think there is very much in that suggestion.

STATEMENT OF MR. WESTERN STARR, OF MARYLAND.

Mr. STARR. I am here in the capacity of a farmer to express the views of the farming community with reference to this bill.

The CHAIRMAN. Do you hold any official relation to any farmers' organization?

Mr. STARR. Yes, sir. While it would be unfair to say that I have a special license to represent the grange; still, I am a member of the grange, and know the sentiment of the grange, and think I can state safely as to its views.

I would say, further, that the master of the Pennsylvania State Grange is here in the room, and he is also a member of the State Grange legislative committee of the State of Pennsylvania, and he will be able to tell you the official feeling with regard to the grange. This bill has come up so recently that it has never had an opportunity to be officially passed upon by the organized granges of the country. There are a few local granges who have considered it. The previous bill of two years ago was considered by the grange.

The CHAIRMAN. Just at this point, did you say those other gentlemen are here?

Mr. STARR. Mr. McSparran, the master of the Pennsylvania State Grange, is here, and he is also a member of the legislative committee, and he will speak for them if you care to hear him.

It is merely a question of fundamental principles, Mr. Chairman and gentlemen. There seems to be a situation under which there is a lack of commercial tonnage—a lack of naval auxiliaries and matters of that kind—which makes this an opportune time to secure advances and increases in both of those directions. The fundamental principle lying at the bottom of it, to the ordinary granger, the ordinary farmer, is an attempt to make competition with the Shipping Trust, if such a thing exists. There seems to be an impression in the mind of the average farmer that there is a shipping trust and that he is the principal victim of its operations.

Now, the question of how to build up an American merchant marine, to the average farmer, seems to be a very simple one, and that is to simply wipe off of our statute books all of those laws which have imposed a penalty upon the American shipmasters in favor of American shipbuilders, so there will be no trouble about securing all the ships we wish. As the gentleman at the other end of the table suggested a little while ago, if the American Government had the right to buy ships in the cheapest markets it could buy all of the ships that it wanted, and if the American manufacturer who desired ships to help in his business could buy ships wherever he could buy them the cheapest, he would have all of the ships that he needs.

But it would be impossible to predicate general conditions upon the conditions as they exist at this time. It is an extremely abnormal situation. A deluge of uncertainties have flooded the whole commercial world so that there is no one in private pursuits of any mind to venture beyond the shoal waters.

It is scarcely possible that a man would buy ahead enough to make up a cargo of shoes until he had the shoes already sold and knows what he is going to get from them. We are living from hand to

mouth during this period of uncertainty, and I want to call your attention to this fact, of how it affects the farmer. I am speaking to you of a condition which existed some very few years ago and I do not presume to say that present conditions would bear it out, except in principle. About 5 per cent of the total commerce of our Republic is international; 95 per cent of the commerce of our Republic is purely domestic. Fifty per cent of the international commerce of our Republic consists in the handling of agricultural products; that is to say, $2\frac{1}{2}$ per cent of our total commerce is international commerce based on agricultural products. The grinding feature of the matter is that the $2\frac{1}{2}$ per cent of our commerce which is international, fixes the values for the whole of the balance of our commerce, and one of the large elements in fixing those values is the cost of transportation. The Dakota farmer gets the Liverpool price for his wheat less the cost of transportation, and anything which adds to that cost of transportation simply comes out of the Dakota farmers' pocket. And if the American shipmasters have got to support a capital of 40 per cent of which is dead capital, being the excess prices which they have had to pay for ships, there is a constant drain on the American producers to keep that capital afloat. And it is utterly impossible to expect that American merchants and American producers will go into the field and buy ships at 40 per cent excess price—dead capital—to compete with ships that do not have that dead capital to meet. In other words, aside from special privilege, 5 and 6 per cent money can not compete with 3 per cent money. That is one of the reasons.

The farmers, as a rule, are committed to the support of this bill, with two exceptions. One of those exceptions is with reference to the coastwise trade. The other exception is with reference to the granting or the possibility of granting preferences in railroad rates to ports of export. There is not a line of road in the country that would not be a part of the haul to export ports; not one. That would simply mean that we are granting special privileges to railroads in order to sell to foreign consumers at lower prices than we are selling to our domestic consumers and our own families. That is the principal growl that the farmer has had in this country for 20 years—that he has had to pay for his rails \$25 to \$28 when Australia and South America could get their rails from \$18 to \$22, made in precisely the same mill.

Mr. CURRY. Do you know that to be true?

Mr. STARR. I have never heard it denied.

Mr. CURRY. If you know anything of that kind I would like to have it put in the record.

Mr. STARR. Let me make this statement, that I have never heard it denied by responsible authorities that lower prices were made on many of our manufactured products.

Mr. CURRY. This is not a captious statement. If you know of anything of that kind I would like to have you put it in the record. If it is a bare reckless statement I do not think it ought to go in.

Mr. STARR. It may not be in this record, but it is in other official records.

Mr. CURRY. I would like to know where they are. I have never seen it.

Mr. STARR. I have not the papers here.

Mr. CURRY. You may have all the time you want to put it in the record.

Mr. STARR. I will endeavor to satisfy the gentleman of those facts.

The CHAIRMAN. The gentleman might not be able to vindicate the exact prices, but I think there is an abundance of authority as to the facts.

Mr. STARR. Here [exhibiting] is a watch that was made only 40 miles from my old home—Chicago. That watch was bought in Liverpool for \$7.50 at retail and reshipped to America and sold at a big profit; and yet you could not go to the place where it was made, to Elgin, Ill., and buy a carload of them for less than \$10.50.

Mr. CURRY. That is governed by patents.

Mr. STARR. Patents have not anything to do with it; it is governed by the tariff.

Mr. CURRY. It is governed by patents.

Mr. STARR. In answer to the question there, a gentleman from Connecticut two years ago, in the Committee on Ways and Means, asked whether the watchmakers were making unusual profits. If the committee had simply called for the books of the Elgin Watch Co. it would have seen that the stocks representing the original investment, which cost \$100, were paying more than \$100 dividends a year.

Mr. CURRY. I do not think that has anything to do with this question. The watches are governed by patents, and it is a different question entirely.

Mr. STARR. They are governed by two things; they are governed by patents and they are governed by a trust.

Mr. HARDY. I think if you will get Mr. Rainey's speech you will find the record referred to about steel rails.

Mr. EDMONDS. Was the Liverpool watch made here or in England?

Mr. STARR. There is no Liverpool watch about it; it is an Elgin watch.

Mr. EDMONDS. Was it manufactured in England?

Mr. STARR. No, sir; it was made in Elgin, Ill., and shipped to England and then shipped back. It is made in America.

Mr. LOUD. Did you buy the case at the same time as the movement?

Mr. STARR. Sure.

Mr. LOUD. At the same discount?

Mr. STARR. I suppose so; I do not know about that. I am not a watchmaker. I only know that I had to tell them that I could not take a locomotive with me in my vest pocket, but I could bring a little watch, which would illustrate the principle.

The farmers are thinking about these things, and they are trying to get at the fundamentals. They are opposed to special privileges. If we are going to have preferences, let us all have preferences, and that makes no preference, and let us buy ships just as we buy shoes.

Mr. CURRY. You can do that now. You can buy a ship or you can manufacture a ship and build it anywhere on the face of the earth.

Mr. STARR. That is all right; but how long has that been possible?

Mr. CURRY. You are talking about it now.

Mr. STARR. This bill extends that principle.

The CHAIRMAN. We can buy foreign-built ships and put them under American registry, but they are limited to the foreign trade.

Mr. STARR. I understand that; they are not free.

Mr. CURRY. They are free in the over-seas trade. That is what you are talking about.

Mr. STARR. That is not free. If a man is free to change his boss only he is not free; if a man is free to walk south and in no other direction, he is not free.

Mr. CURRY. But you are talking about the export trade.

Mr. STARR. I am talking about ships, and we want free ships to be used in the export trade and in all trade where traffic monopoly exists, or to be used in any other trade. If I buy a horse and want to go to town, I want to be able to use him to go to town, or if I want to put him to a plow I want to be able to do it.

Mr. HARDY. And you would not buy a horse if you could not use it in any place you wanted to?

Mr. STARR. I would not buy a horse unless I could use it any place I wanted to.

Mr. ROWE. Then, in this bill you would give the Government a right to go out and buy a ship either here or abroad?

Mr. STARR. Precisely. I am willing to take a chance on this Government aiding us in a disastrous situation.

Mr. EDMONDS. You made a statement a minute ago that the price of grain was fixed by the Liverpool board. Is it not a fact that the price of grain is fixed by the Chicago board?

Mr. STARR. Pardon me; I do not think you have quoted me exactly. I said the price is fixed in Liverpool; is fixed in the market of consumption. I did not use the word "board," although I am perfectly willing to accept it. The price is fixed at the point of consumption and not at the point of production. The price of the wheat crop is fixed by the export price of the surplus. If a farmer's wife has only half a dozen eggs to send into town and she wants to set another dozen under a hen, she knows what those she sets under the hen are worth by what she gets for the eggs she sends to town.

Mr. EDMONDS. Does not the grain farmer of the West sell his grain by the price quoted on the Chicago board?

Mr. STARR. The Chicago board is the halfway station between Dakota and Liverpool and the Minneapolis board is the quarter-way station.

Mr. EDMONDS. The difference between the Liverpool price and the Chicago price is the cost of transportation?

Mr. STARR. The difference between the Liverpool price and the Chicago price is the cost of transportation; yes.

Mr. EDMONDS. Who pays the freight?

Mr. STARR. The farmer pays the freight.

Mr. EDMONDS. The farmer pays the freight?

Mr. STARR. The farmer pays the freight and he pays for everything. The farming industry pays for all.

Mr. EDMONDS. In other words, do you mean to tell me on the grain that is shipped to England that the farmer pays the freight?

Mr. STARR. Absolutely. He does not draw a check for it, but he takes that much less for what he sells.

Mr. GREENE. He gets the price at the seaboard and the man who buys the grain on the other side pays the freight.

The CHAIRMAN. When you say at the seaboard, does it cost anything to get his wheat to the seaboard? It used to cost twice as

much to get it to the seaboard as it did to transport it across the water.

Mr. GREENE. Oh, yes; but the freight is paid by the man on the other side.

Mr. STARR. I have noticed frequently in recent magazines the statement in certain centers that the American dollar now had climbed to the top; that it was now the chief monetary unit of the world? Why? Because heretofore when we sent goods over we had to send a check over there or the money to pay the freight after it got there. Now they are coming over here and buying at our own doors. That is the condition now; and this condition is absolutely artificial; it is not normal. But you can not measure the level of the sea by measuring the waves at the top in a storm; you have got to take the level to do it.

Mr. EDMONDS. As to the Liverpool price, I would like to get a little more information on that. Is that Liverpool price in such shapes that the farmer gets less for grain he ships to Liverpool than he does for grain he ships to Chicago, Philadelphia, or New York?

Mr. STARR. If I can make myself clear, he gets exactly the same price at Fargo, in Wisconsin, or Dakota that it brings at Liverpool less the cost of transportation.

Mr. EDMONDS. In other words, if wheat is a dollar a bushel in Fargo—

Mr. STARR. That would be a very unusual condition.

Mr. EDMONDS. I know; but if it is and he sends his wheat to Liverpool, and the freight is 55 cents, then he only gets 45 cents for it?

Mr. STARR. I did not quite catch that.

Mr. EDMONDS. If grain is a dollar a bushel at Fargo and the farmer ships his grain to Liverpool, and the freight is 55 cents, then he only gets 45 cents for that grain; whereas for the grain he sells at Fargo he gets a dollar?

Mr. STARR. I think you have the process absolutely inverted. If wheat brings \$1 at Fargo, on your example, it will bring \$1.55 at Liverpool.

Mr. EDMONDS. That is your suggestion, as I understood it.

Mr. STARR. No, sir.

The CHAIRMAN. Of course, the matter under consideration now is this bill, and that is the matter to which we desire your attention addressed. If you have given your statement as to the general principles, and have nothing further to submit, there is another gentleman here who wishes to be heard.

Mr. STARR. I am reminded that the gentleman asked the question. Why it was that the farmer wanted Government-owned ships? For precisely the same reason that the farmer wants a gun behind his door loaded with a cartridge with a ball on the end of it. Potential competition is the equal of actual competition. If they know the Government of the United States has the ships and that it will use them, it will put an end to monopoly and extortion in ocean traffic.

Mr. HARDY. Did you hear the testimony a little while ago of the gentleman who said the Panama freights were the only ones that had not been increased?

Mr. STARR. Yes; and I think that is the best point that has been brought out in this hearing. I stand absolutely committed to that principle of Government ownership.

Mr. GREENE. Why not have the Government take hold of the farm products and dispose of them?

Mr. STARR. My dear sir, let me make this suggestion: There are two types of mind and two phases of philosophy on that question and there is just one little line that distinguishes the two. One set claims that every enterprise and every business in which there is a profit to be made, the Government can not touch; but if there are services to be performed at an actual loss, expenditures without return, why naturally that is the business the Government has to do. Let me give you one illustration: The city of New York has spent hundreds of millions of dollars cleaning its streets during the last two generations. Today private contractors are paying the city of New York enormous sums of money for the privilege of cleaning the streets and keeping the sweepings. Now that is the line of distinction. If it is a question of profit to be made, why, then, the Government has got to keep its hands off. The Government is the biggest business corporation in the world; but you are only permitted to do the sewage work, the scavenger work and the expensive work, and you see that it would not make a profit. We don't want it to make profits; but we do want it to stand ready to strike a blow at monopoly. The real trouble with the whole situation is that we made a blunder in the beginning, and we have been making other blunders ever since trying to wipe out the original blunder and waiting for it to adjust itself.

Mr. McSparran, of Pennsylvania, is here. He is master of the State Grange of Pennsylvania and chairman of the legislative committee. If the committee wishes, I think he would be glad to be heard.

**STATEMENT OF MR. JOHN A. McSPARRAN, SECRETARY OF THE
LEGISLATIVE COMMITTEE OF THE NATIONAL GRANGE AND
MASTER OF THE STATE GRANGE OF PENNSYLVANIA.**

Mr. McSPARRAN. I want to say that I was not informed when I came to Washington that this hearing was on in this shape, and therefore I am not prepared to offer the testimony in the completeness that I would have liked to offer it at this time.

The resolution of the National Grange upon this question I do not have with me, but I would like to have the privilege of putting that resolution into the record, if I may be allowed that privilege.

MERCHANT MARINE.

**RESOLUTION ADOPTED BY THE NATIONAL GRANGE ANNUAL MEETING, WILMINGTON,
DEL.**

Resolved, That if Government funds are to be used to aid in building up an American merchant marine that it should be for ships to be owned and operated by the Government.

RESOLUTIONS PASSED BY PENNSYLVANIA STATE GRANGE AT ANNUAL MEETING, STATE COLLEGE, DECEMBER 22, 1915.

Whereas our ports are so crowded with exports that millions of dollars' worth of farmers' products are held in storage for the want of proper shipping facilities, that it is not a question any more of high freight rates but what will you pay the shipowner to transport your products, and since the prices of some of our agricultural products are fixed in the markets of the world, it follows that exorbitant freight rates not only reduce the price to the farmer of his products which he sends abroad but those which are consumed in this country; or, in other words, to illustrate this point, an increase in ocean freight rates of 10 cents a bushel on wheat not only means that much less for the wheat shipped abroad but on all the wheat in the country: Therefore be it

Resolved, That in order to stabilize such rates we favor the building up of a Government owned and operated merchant marine, with free ports of entry to all ships of such merchant marine.

Resolved, That we reiterate our opposition against ship subsidies.

Adopted.

Had I known a few hours sooner that you were having this hearing at this time and in this shape I would have been here with the resolutions; but I was just in town and stumbled upon it and came around to the hearing.

I simply want to emphasize what Mr. Starr, of Maryland, has testified to here as a general proposition. The farmers have been complaining for a great many years, and I think justly, that we are abused by the fact that there is not a liberty of operation in regard to the shipping facilities that we have a right to expect. And the prices of those shipping facilities are increased by regulations all the way down the line. The original cost is enlarged by the fact that they can not buy the ships wherever they please, and it is enlarged by the fact that our registry regulations are not as liberal as they ought to be. And, in addition to this, the big shipping combine has practically driven the tramp steamer out of business by having so-called fighting ships that follow the tramp into port and underbid it for its cargo. All these things, in connection with the juggling of rates from day to day, make a situation that is very unjust to food producers.

We feel and we have so acted, and our resolution will indicate it, that Government ownership of some merchant ships will act on the principle of a regulation; that it will have a tendency to work out everywhere, as has been admitted here this morning it has worked out in Colon, in conjunction with shipping to other southern points. And for that reason we believe that the Government of the United States can very well enter this field to a sufficient extent to provide that regulation, especially when a large number of such vessels are needed as an auxiliary to the Navy. Some do not seem to understand that we have to pay those freights. There is not any doubt about that. Every cent that you add to the cost of transportation, either in added cost of a ship or in regulations that infringe upon its liberty of action on the seas or in monopoly of the shipping business, creates a bill that the farmers have to pay.

Mr. BYRNES. You do not believe, then, that the consumer pays the freight?

Mr. McSPARRAN. No; not in this case, for this reason: The prices of the food products of the world are fixed by what we call the world

prices; that is, the average consumer's price, of course. Now, the farmers of the United States have throughout all the years created or raised a surplus that was a perishable commodity, and therefore we have always been compelled to put that surplus on the markets of the world at the world's prices. And it can be taken for granted that the millers in this country are not fools, so they naturally offer us exactly the same price as we can get for our surplus on the markets of the world, less the cost of transportation and insurance.

Mr. BYRNES. You believe that the charges of all the middlemen, then, are borne by the producers, too?

Mr. McSPARRAN. No; it depends. As a general principle the consumer pays the charges. But I think you must realize (and that is the point I want you to get) that when you place on the market a perishable product, as is the case with practically all the farmer's products, that therefore any surplus which is created must go immediately on the market. We can not hold this year's wheat back indefinitely and sell it here in this country at a future time. And this surplus year after year we are compelled to put on the markets of the world, and the moment you get outside of the tariff wall it goes on the market on the basis of the world's prices.

Mr. HARDY. You never have been able to go in a trust and demand fixed prices?

Mr. McSPARRAN. No; and we hope we never will.

Mr. BYRNES. You limit that, though, to perishable products, you say?

Mr. McSPARRAN. Yes; though the same principle holds with any commodity that must be sold at once.

Mr. BYRNES. For instance, with cotton, which comes from Texas, the State of my good friend, Judge Hardy, you do not think it applies to that?

Mr. McSPARRAN. I have not worked it out in regard to that. I won't answer simply because I do not know.

Mr. HARDY. I might suggest to you that, even if it is not perishable, if you are forced to sell it the same conditions apply?

Mr. McSPARRAN. If you were forced to sell it, the same conditions would hold true.

The CHAIRMAN. Have you read this bill, and has your grange, or the organization which you represent, considered this legislation?

Mr. McSPARRAN. No; we have not had any meeting since this bill was whipped into its present shape. The general principle has been indorsed for years.

The CHAIRMAN. The bill which was pending in the last Congress, did you consider that bill?

Mr. McSPARRAN. No; not as a bill.

Mr. GREENE. Do you know anything about the lake commerce?

Mr. McSPARRAN. No.

Mr. GREENE. For instance, all of those vessels are built in American shipyards by American labor. Do you know anything about the freight on wheat, for instance, from Duluth to Buffalo?

Mr. McSPARRAN. From Duluth to where?

Mr. GREENE. From Duluth to Buffalo, N. Y., on the Lakes.

Mr. McSPARRAN. No; I do not.

Mr. GREENE. I am informed by credible authority that the rate of freight on those American-built steamers, the finest to be found any-

where, while there is practically no foreign competition there, is about half a cent to a cent a bushel from Duluth, Minn., to Buffalo, N. Y. You would not want it much cheaper than that?

Mr. McSPARRAN. What is your point?

Mr. GREENE. From Duluth to Buffalo?

Mr. McSPAARAN. I say, what is your point? I do not see it.

Mr. GREENE. The point you want to make. You are talking about the shipping opportunities and about the lack of opportunity to ship the grain that you raise, or whatever you raise—the lack of opportunity to ship it. Is not that a pretty good opportunity to ship? That is the point I want to make.

Mr. BURKE. But that lake traffic does not reach Liverpool.

Mr. GREENE. Oh, no; and you can not, with this shipping bill, reach Liverpool without having something to pay for it.

The CHAIRMAN. Fifty or sixty years ago it cost from 25 to 30 cents a bushel to ship a bushel of wheat from Duluth to Liverpool. I do not know whether you accept the theory that the farmer should be indifferent to the cost of transportation.

Mr. GREENE. Oh, no. I think he should not be indifferent.

The CHAIRMAN. That is the only principle that the gentleman is contending for. When it cost 30 cents a bushel, of course, to ship a bushel of wheat from Duluth to Liverpool, I suppose it affected materially the price of Minnesota wheat. But now, as you say, the price on the Great Lakes has been reduced to a very low rate.

Mr. GREENE. And without Government interference or Government construction.

The CHAIRMAN. Before the war in Europe, I think the rates from Boston, on our Atlantic seaboard, to European points was about 2½ pence or 5 cents a bushel, and now it is 65 and 70 cents a bushel.

Mr. GREENE. Yes; and the parties who buy the grain across the water have to pay the freight. They get their price cash in hand here before the stuff is delivered on board the steamer.

The CHAIRMAN. But the man in Europe, who has to buy that wheat knows that he must pay that 60 or 65 cents a bushel, and I expect he will have that in mind in determining what he will pay for it on the Atlantic seaboard.

Mr. GREENE. Yes; but he has to pay it or else starve.

Mr. BYRNES. But when a man has to pay more for a commodity he will buy less. If you have to pay more to buy a suit of clothes, instead of buying two suits you will buy one.

Mr. GREENE. According to your theory. But the price of suits has been going down all the time, and I can buy clothes cheaper now than I ever could before; and I can buy shoes cheaper, and I can buy everything that is made to-day cheaper than I could when I was a boy.

Mr. EDMONDS. I would like to correct Mr. Greene. He says that he can buy everything cheaper than he could when he was a boy. That is not so, because for the farmers' products we are paying a great deal more than we ever had to pay before.

Mr. McSPARRAN. The gentleman from Massachusetts speaks of the foreign shipper paying the freight from New York. Why, of course, he does. That is an incident in his shipping.

Mr. GREENE. No; he does not pay the freight. The man who buys the grain on the other side pays the freight.

Mr. McSPARRAN. Is not that the shipper? That is the foreign man, it is not.

Mr. GREENE. The foreign shipper; yes.

Mr. McSPARRAN. Why, of course he does, and that is an incident of commerce. But that is not the principle we are talking about. The moment he pays that, he adds it as a charge on the goods and he has to meet the world's price when he takes the goods home, and every one of those things is reflected in the price that is quoted the next day in Chicago, and that is the way the farmer pays it. Of course, he takes into account what he pays when you ship the goods across the ocean and that reflects itself the next day in the price of wheat in Chicago.

Mr. GREENE. Do you sell your farm products that go abroad at less than you sell them at home?

Mr. McSPARRAN. Of course not. But that is not the point at all.

Mr. GREENE. Certainly it is.

Mr. McSPARRAN. Certainly it is not.

Mr. HARDY. Let me suggest that neither one of you gentleman can convince the other.

Mr. GREENE. No; I understand that.

Mr. EDMONDS. The gentleman here from Pennsylvania, representing the grange, is making the best argument for protection I have heard for some time, and I am very glad to hear it.

Mr. HARDY. I understand you now to say that the consumer pays the cost, but when you argue for protection you say the producer pays the cost?

Mr. GREENE. That argument was the objection of the farmer to building up a merchant marine. The farmer objected to having a merchant marine built up because it would raise the price of freight on the products of the American farmer, and we have always had opposition from the farmer to building up a merchant marine.

Mr. HARDY. The point, I suggest, is you are now contending the consumer on the other side pays all the freight. When you argue for protection, you say the consumer does not pay any of the freight. The truth between the two is that sometimes the consumer and sometimes the producer pays it; but generally both of them pay some of it.

Mr. GREENE. And when you get free trade, ships, and everything else, who pays it?

Mr. HARDY. When you cut down the cost, nobody pays it.

Mr. McSPARRAN. You are talking about the consumer. The world's price, the proposition I am talking about, is a different proposition than the consumer back of the tariff wall. That is the vital point.

The CHAIRMAN. This gentleman is not from the West, Mr. Greene—he is from Pennsylvania.

Mr. GREENE. I understand, and I bet he votes for protection, too.

Mr. McSPARRAN. I bet I don't.

Mr. GREENE. All right, you are one of the few, then, who do not in Pennsylvania.

Mr. McSPARRAN. You are at liberty to inquire into that, if you wish to.

Mr. EDMONDS. No; because the law of Pennsylvania preserves the secrecy of the ballot.

Mr. CURRY. I do not think that anyone will controvert the fact that the farmer is getting more for his products now than he ever got before. But that is not the question; the proposition is how they are going to get these products across the Atlantic to the European markets, and the cost of transportation. The low freight rates on the Lakes prove that the high freight rates on the Atlantic are not on account of a shipping trust; but that the excessive rate that we have to pay at the present time on all products shipped abroad is on account of the war risk. Of course any man who is in business crossing the Atlantic with merchant ships will have to have a larger amount of money paid to him for taking that stuff across to-day than he would before the war. It is a question of the Government now helping to meet this situation. That is the way you look at it?

Mr. McSPARRAN. Yes.

Mr. CURRY. Until recently the farmers absolutely did not care anything about the merchant marine. Anything that was tried to be done for the merchant marine they stopped. All they cared about was to ship their goods as cheap as possible in any ship; the cheaper the ship the better pleased they were. But a condition comes now where you can not get the ships. If this bill was enacted it would not relieve the situation or condition at all now. The only way I can see for the Government, if it is to help at all, is to put the transports and the colliers that are not in use into this overseas trade. It is possible that a joint resolution might be passed through Congress to give temporary relief, not putting those ships into the overseas trade entirely, but to relieve the temporary condition. If this situation did not confront the American people, if there was peace throughout the world at the present time, would the farmers—I am not talking about you, but those you represent—take an interest in a merchant marine, and would they be willing for the United States Government to go into this business at a loss and to appropriate \$50,000,000 in the first instance and to increase that as time advanced and more money was needed?

Mr. McSPARRAN. I think the start of this was before the war. I think you are mistaken entirely in saying the farmers have never taken any interest in this.

Mr. CURRY. All the farmers wanted, particularly from the Middle West, was to ship their goods just as cheap as they could possibly ship them on any ship—whether Japanese, German, British, American, or anything else. They were not even in favor of the United States Government giving preferential rates on mail matter.

Mr. McSPARRAN. Why should they?

Mr. CURRY. That is all I want; I am through. I hope you do not represent the opinion of the American farmer on this subject.

Mr. BURKE. Mr. Chairman, I do not understand whether the gentleman was granted his request to include in his remarks a copy of the resolutions passed by the National Grange. I would like to ask that he be granted that permission.

Mr. GREENE. There is no objection on this side of the table.

The CHAIRMAN. I understand there is no objection.

Mr. EDMONDS. Did the farmers, in their grange action, describe any particular way that they wanted this merchant marine to be built up?

Mr. McSPARRAN. Yes; they suggested Government ownership or Government building of ships would furnish that regulative idea.

Mr. EDMONDS. How do they feel on the subsidy question?

Mr. McSPARRAN. They are opposed to it, and always have been.

Mr. EDMONDS. They are opposed to the subsidy question?

Mr. McSPARRAN. They have been for 15 years. I do not know when the first action was taken, but it was a good many years ago.

Mr. EDMONDS. In your personal opinion, what is the difference between a Government-owned line, run at a considerable loss that the taxpayers have to pay, and a subsidy?

Mr. McSPARRAN. Do you know of any such line?

Mr. EDMONDS. That is what will be done when we run this line.

Mr. McSPARRAN. You are supposing; but I do not understand how you can prove that to be the fact until you try it.

Mr. CURRY. Suppose you admit it as a fact, for the sake of argument, how would you stand on that proposition if it should be run at a loss?

Mr. McSPARRAN. If it was a regulating proposition and would do the work I do not see why that would enter into it. We pay big money for other regulating commissions. It costs the Government a big bunch of money every year to do that character of work. Now, if you can do something of that kind that will provide that important essential, I can not see why there should be any necessity of making it pay.

Mr. EDMONDS. Suppose the Government would start Government-owned steamship lines and they would run at a loss in ordinary times, we will say, because it seems that American shippers can not run steamship lines at a profit in competition with the foreign lines (I am speaking about ordinary times), they would have to stand the loss continuously; but if they were to subsidize the lines they could either make the subsidy larger or smaller, could they not, as the time went along and the lines became more profitable?

Mr. McSPARRAN. Oh, yes; they could make it larger or smaller, of course.

Mr. EDMONDS. Would not that be a better way of regulating it?

Mr. McSPARRAN. No.

Mr. HARDY. Mr. Chairman, if we are going to argue the question of subsidy we will never get through, because I do not care for these questions and statements to go in unless the other side of the question goes in, too.

STATEMENT OF MR. JAMES L. EWELL, OF NEW YORK, SECRETARY OF THE NATIONAL MERCHANT MARINE ASSOCIATION.

Mr. EWELL. Mr. Chairman and members of the committee, I deem it both an honor and a privilege to appear before you to discuss this great international issue. I had the pleasure of appearing before the Merchant Marine Committee in 1911, when Mr. Greene, of Massachusetts, was chairman.

Mr. GREENE. I recognize you.

Mr. EWELL. I am not going into any academic discussion of this question before this honorable body, who understand the subject so well; but there are some phases of the present situation to which I desire to invite your kind consideration.

We have been accused of not being a maritime Nation. I will go back a little, if you will allow me. We have not been a maritime Nation for more than two generations, but we were, up to 1858, the greatest maritime Nation in the world. We know how to build ships; we know how to sail ships; we know how to operate ships if the conditions are right. We are confronted to-day with a situation which has never before existed in this Republic, and this extraordinary condition is due to the great European war.

As far back as 1909 I have said, before chambers of commerce and boards of trade in many of the States, that our foreign commerce is now and has been for 20 years absolutely at the mercy of the exigencies of international politics. And why? Because 60 per cent of it is carried by Britain and 20 per cent by Germany. I have said that we would be menaced by a frightful calamity if these two powers should fall afoul of each other; and we see it to-day, gentlemen. And now, as I understand it, the Government has come forward with the proposition to meet this great emergency caused by the terrible European war, with which we have never before been confronted. I am going into this subject because I have been brought into close contact with it, and I know of some things from personal experience that I would like to speak of briefly, if you will allow me. I have been willing to fall into line with any proposition promising relief not only from a commercial viewpoint but also with reference to national defense. We have no naval auxiliary merchant marine, which is a perilous situation. Admiral Sperry told me just a few months before he died, at Providence, R. I., when attending the deeper-waterways convention, that the Navy of which we are so proud and upon which we have spent so many millions of dollars would not have 10 per cent of its efficiency on a sudden call, for a lack of naval auxiliary cruisers to carry coal for its bunkers, scout ships, hospital ships, and transports to be used in time of war. Now, gentlemen, I have maintained all along that if we had such vessels they could be used in times of peace to carry the commerce of our country to the great South American ports, such as Buenos Aires, a city of nearly a million and a half inhabitants, where not a vessel has carried the Stars and Stripes for many years; and our mails and our passengers have to go by slow freight boats or across the ocean twice, as you all know.

This situation has changed in the last 25 years. American manufacturers have increased their output enormously and we have become such an important export nation that we have got to furnish adequate transportation facilities and not depend upon the ships of foreign nations; otherwise, our manufacturers will have to reduce their output and the laboring man will have to go on the street. There is no such thing as America standing still. We must go forward or lose our prestige.

Realizing the importance of this situation from both angles—and I usually treat the subject from both its commercial aspect and its patriotic viewpoint—I say that I have been willing to give and take. When Mr. Humphrey proposed his ocean-mail contract measure, offering us relief on those long trade routes, I worked for that. When Senator Gallinger offered his ocean-mail contract measure as a means of relief to offset the disadvantages and handicap with which we are

confronted, I supported that. But, gentlemen, it was a great surprise to me when the Government came forward and, with its great financial ability and its success in managing the ships now under its control, offered to take hold of this situation in such a way that private capital has never been willing or able to do. I accepted it at once as the best solution of our merchant-marine problems.

As I told the gentleman who appeared before the international trade convention at the Hotel Astor, Mr. W. H. Douglas, who always has something to say about the merchant marine on every occasion that offers, and always advocating subsidies. I told him that what the shippers wanted was low rates; and he insisted that the Government was going to lose money by embarking in the shipping business. Did anybody ever before hear of the shipper objecting to the Government's losing money if they profited by it? If it carried the products for nothing, would they not grab it? You know they would, and I told Mr. Douglas that, as a business man, that he knew perfectly well that no subsidy short of \$25,000,000 would meet the present situation. I reminded him that France subsidizes her merchant marine to the extent of \$13,428,000; that Great Britain subsidizes her merchant marine to the extent of \$9,689,000, or thereabouts, and Japan \$6,580,000. And so on down the line. And all of those nations are able to man and operate their ships from 20 to 40 per cent less than the United States can under normal conditions. And with such a handicap as that, I asked him what is the use of talking about a subsidy of less than \$25,000,000. I said, "You talk about that vast sum, but you know you are not going to get it. In other words, you know perfectly well you are not going to get a subsidy of any kind through this Congress." And right here let me say that I have always been opposed to the principle of subsidy. I have been willing to accept the ocean mail contract as a compromise; but I did not consider it a subsidy. I see my friend on the left, from Massachusetts, is shaking his head, and I know he is going to come back at me—

Mr. GREENE. Oh, no; I am not. You are talking fine.

Mr. EWELL. Thank you; I am glad to hear you say so. I stood for the ocean mail contract proposed by Representative Humphrey, as I mentioned a while ago; I also stood for the ocean mail contract suggested by Senator Gallinger; but I claimed then, and I contend now, that the ocean mail contract is not a subsidy, because we are paying for actual value received. We are paying enormous sums to transport our mails from Boston to San Francisco and other distant cities in the United States by rail; and are we not entitled to some assistance in transporting our mails to such great national centers as Buenos Aires and Rio de Janeiro? When our mails are now being carried by slow freight boats and under foreign flags, a most humiliating condition.

Mr. HARDY. Let me suggest to you there that if you make that qualification as to what a subsidy is, then you ought not to charge that England is subsidizing her lines, for in every case where she pays anything she has demanded value in return—substantially, at any rate.

Mr. EWELL. I understand that England also gives admiralty subsidies for building ships. The builders can not buy except from those merchants on the admiralty list when they receive mail pay.

Mr. HARDY. No; England does not. She pays a few special vessels built under specifications made by the admiralty, a certain sum for the privilege of having those vessels specially constructed and thereby diminishing their freight-earning capacities, and at the same time with the privilege of taking them over in case of war, they being held ready for the English Government. Now, that is not paying a subsidy in any ordinary sense of the word, any more than, as you say, our mail contract is a subsidy. If we pay no more than the service is worth, it is not a subsidy.

Mr. EWELL. That is the way I look at it. That has been my point of view. But England has been fostering her marine by special mail pay for 70 years, and has spent \$300,000,000 in that direction during that period. I would like to say here, however, Congressman, if you will allow me, that I understand England does not permit the purchase of any material entering into the construction of those ships that received financial aid except from such houses as the admiralty laws designate.

Mr. HARDY. I do not know about that; but there is no subsidy paid by England.

Mr. EWELL. Now, gentlemen, this much I have said in favor of ocean mail contracts, but if anything else is offered better than that, I am glad to accept it.

Mr. GREEN. We will offer that to you.

Mr. EWELL. Yes; but, Mr. Congressman, allow me to say I have considered that what the Government is offering us is infinitely better, and so much greater, that I think our people should jump at the opportunity.

One of the reasons why we should accept the proposition of the Government is because of the handicap by which we are hampered. Of course, when the shippers are getting from 300 to 900 per cent more for carrying freight under such conditions as now confront us, it is not difficult to get private capital to embark in the business. But what we want is a permanent American merchant marine. And I want to say that you can not have such an American merchant marine unless the ships are built in this country, in American shipyards, by American labor, manned by Americans, and officered by Americans, because otherwise what will happen? Just exactly what happened in the Spanish-American War, where the *St. Louis* and the *St. Paul* both did valiant service.

When they were ordered into the service of the Navy, the foreign sailors on those vessels walked down the gangplank and told us to "fight your own battles"; they said, "we are not Americans; this is your war and not our fight." And therefore it must of necessity be a costly proposition for America until we can standardize the building of ships. But we must have American ships. It will probably take 15 years; it may be done in 10 years with the present enormous demand. I firmly believe that this abnormal demand for ships will last for a period of six or eight years, and probably longer, because when this war is over—and none of us can tell when it will cease; it may be two years and it may be longer—there will have been so many ships sunk, and there will be such a demand for the reconstruction of the nations now at war, that no matter how many ships we could build to-day, we could not supply the demand for the ships in the across-seas traffic for years to come.

But now, by the Government taking hold of this proposition, the Government can send ships on long trade routes to such countries as Argentina, Australia, and the Orient, even at a loss. The Government can do that. Private capital will not do it, and for that reason I claim that the Government should undertake this great national problem. If we lose a little money in building up the great export trade of this young Nation, it can not be counted as a loss, because it builds for the future of the Nation. And therefore I say that the Government is the one to undertake this proposition, because private capital would only venture where it paid them to go.

The shipping business is a business proposition and, like everything else, must stand or fall on its ability to make money, and that is all you can make of it. You can not get private capital to embark in it unless it sees a chance to make money; but the American Government does not want private capital to embark in the business on the basis that the purchasers of the *Dashia* did, when they purchased that ship for \$125,000 and charged \$150,000 for the first cargo that they carried abroad. That sort of enterprise stifles and strangles our export business, and that is not what the people want. If Congress passes this bill and the Government holds 51 per cent of the stock of the corporations formed, and if private capital will take 49 per cent, and the Government controls its operations, so that it will be an equitable proposition for the shippers to all parts of the world. I claim that that will act as a great adjuster of rates in the across-seas traffic.

Certainly we have neglected one of the greatest sources of national wealth in the world for over 50 years by allowing our flag to disappear from the high seas. I claim that it is worth the price, no matter what it costs, for us to reestablish ourselves as a powerful maritime Nation. No nation has ever grown great that did not carry at least 40 per cent of its foreign commerce. It has been more than 27 years, gentlemen, since we carried 20 per cent of our foreign commerce, and, you know, that just before the war we were carrying only a little over 8 per cent. That sort of thing operates in more than one way. Aside from the fact that it is costing us \$300,000,000 in gold to transport our freight and our passengers, which money is absolutely lost to the commerce and trade of America and goes into the pockets of the foreign shipowners. Thus we are continually confronted with a worse and worse condition by using the delivery wagons of our foreign competitors.

There has been quite a lot said about using the delivery wagons of other nations, because it is a comparison that we can all appreciate. You can not depend upon the delivery system of your competitors very long before they will have your business. We have already seen that. Especially am I familiar with the way the Germans handled that situation before the war. They had such a splendid organization in New York, where they took an accurate account of every bill of lading, every manifest, the weight of the article, the price of the article the consumer to whom it was shipped abroad (generally in South America) and they sent that information to their chambers of commerce in Germany, and there it was sent out to their various representatives in the foreign countries, and those

representatives would take that information and would go to the foreign buyers and offer to lay down the same article for less money than we could. And I understand that invariably they used the argument, "Your goods, if bought from Germany, will not have to cross the ocean twice, as they frequently do if bought in America, and they will not be delayed until they are absolutely out of season; but, if you buy them from us we will deliver them on time, and can be sure of getting the right article and getting the lowest freight rates."

The CHAIRMAN. We will take our usual recess at this point.

(Thereupon, at 12.45 o'clock p. m., the committee took a recess until 2 o'clock p. m.)

AFTER RECESS.

The committee reconvened pursuant to the taking of the recess, Hon. Michael E. Burke presiding.

Mr. BURKE. Judge Alexander is occupying the chair in the House of Representatives and he can not be here this afternoon, but we will proceed with the hearing.

Mr. EWELL. I will not detain you but a few minutes longer.

Mr. BURKE. We would like to have you finish your statement, as you contemplated, notwithstanding most of the members are absent. But I expect that they will be dropping in every minute or two.

Mr. EWELL. I appreciate the privilege.

Mr. BURKE. I hope you will not cut short any of your remarks because of the absence of a quorum.

Mr. EWELL. I thank you, sir. At your solicitation, I will proceed.

With 58,000 carloads of freight on the sidetracks near the terminals of New York Harbor, the metropolis of the world, the situation is growing more and more desperate daily, and it seems that there is no relief at all in sight. And it does not seem to me that this is a time for hairsplitting. The reason why we have not had a merchant marine in all this long period of 50 years is because there could be no harmony between the two parties. There have always been some differences that could not be harmonized. But the situation is now so desperate that it seems to me that we ought to give and take, and to grasp this opportunity offered by the Government in the form of a shipping bill, with a board to be appointed by the President, to regulate rates, so that the people will feel that we have some definite shipping prospect for the future.

Mr. BURKE. Right in that connection, Mr. Ewell, You are aware that the bill, as it now reads, calls for the appointment of a board of five, consisting of the Secretary of the Navy, the Secretary of Commerce, and three other competent men? There has been some question here as to whether or not further qualifications should be prescribed in the bill with reference to the class of men from which the other three should be appointed. Some have thought that they should be men experienced in the shipping business. I would like to have your views on that. Do you think it would be better to amend the bill, so as to require that they be taken from that class, or to leave that to the judgment of the President, who does the appointing?

Mr. EWELL. I think it entirely safe to leave that to the judgment of the President. He will undoubtedly select men having technical knowledge as assistants, who will do the active work.

One reason why it has been difficult for our people to get together on the subject is because the shipping question is one in which the general public have not interested themselves. It is not because we can not grasp a commercial proposition, because we are quick to take advantage of any business opportunity to which our attention has been drawn; but it has been my experience in talking before chambers of commerce, boards of trade, and commercial bodies in various large centers (and I mention this because those men are considered to be leading active men engaged in business) and to have them come forward after the meeting and express their absolute ignorance on the subject of the merchant marine, and say "that they had no idea that such a condition prevailed." They could not understand how it was possible for Congress to permit us to continue in that desperate situation so long. I have frequently told them that "it is because of their constituents at home; it is because you have not studied the question; it is because you have not expressed yourself one way or the other largely."

In appearing before Chautauquas, for example a very large Chautauqua at Georgetown, Ohio, where I talked to more than 3,500 people, and at a large chautauqua meeting at Patterson Springs, Ill.—I regret that our Granger friends who spoke this morning are not here to hear this reference—at the conclusion of those meetings the farmers came around in large numbers and begged me to come back the following week, in both places. They said they had no idea that such a situation existed at all, and that if I would come back the following week they would have a different audience of other men to hear about this great merchant marine that we ought to have and had not been able to get. And one of the things I pointed out to those farmers was this, that during the Boer War between that little African Republic and Great Britain, Britain withdrew so much of her large tonnage from the carrying trade that it caused such a marking up of freights that the farmers lost in the value of their products, by the time they got returns, \$18,000,000 the first year of the Boer War (although the little Republic referred to did not have a single privateer engaged) and \$67,000,000 the second year; so that the American farmer was touched in pocket to the tune of \$115,000,000 to pay for the Boer War, because our export trade is at the mercy of the foreign shipowners. And now this fact is being brought home to us in such a way that we can appreciate it. I am calling attention to these facts to show you how little regard our people have paid to the subject. I do not wish to be disrespectful to the intelligence of any American citizen, whether he be a farmer or a banker. I am now going to call attention to a situation that has been made much of by the subsidy hunters, the tremendous amount of capital that was made out of the action of the National Chamber of Commerce, when they passed a resolution in February, 1915, opposing the shipping bill. It is necessary for us to know, in order to understand, who composed the committee that drafted that resolution on the American merchant marine. I was present and heard Secretary McAdoo's speech and Senator Burton's reply.

Mr. HADLEY. Do you refer to the resolution passed last year or the one passed this year?

Mr. EWELL. The resolution passed last year. I am referring now to the resolution on the old shipping bill of 1915. You can very readily see, gentlemen, that the committee appointed to draft that resolution were men whose views were known by the chairman or executive committee of that body, and a report made by them would dominate the chamber on a subject so technical. Although a splendid body of men, they were not in a position to argue the merits of the merchant marine. I know that from the personal experience, I have before referred to here. Our business men have not studied the question.

Let us look at the personnel of that committee. One member of that committee was very active in the Merchant Marine League of Cleveland, Ohio, as secretary—Mr. John A. Penton. He was put on the resolution committee because that chamber knew exactly where he stood; they knew that he would fight anything that did not have subsidy pork in it. I overheard him say, 'What they want to try to do is to get this shipping bill through so as to take away from us our coastwise shipping. We must fight it.' That gentlemen was brought down here before the Olcott committee, I think that was the committee, and prosecuted for some weeks, for the insulting references made in his American Flag against Congressmen Kustermann and Steenerson, and he had a hard time to keep out of serious trouble. I also heard him say at the merchant marine congress held at New Orleans in 1910, that he would have to keep in the background. Now, why was that? And in 1911 he said to me at the Waldorf Astoria his merchant marine league would have to go out of business, and it did.

That is one member of the committee. Another member of that committee was Mr. Ludwig Nissen, of New York City. Mr. Ludwig Nissen, I am reliably informed, although this is not at all to his discredit, learned the English language after he came to his adopted country. Mr. Ludwig Nissen is a director in one of the most powerful organizations in the United States—the National Association of Manufacturers. The National Association of Manufacturers, I have noticed since the Mulhall investigation, or the big men of the National Association of Manufacturers, have been very conspicuous for their absence from all of these big meetings now being held at Washington. I noticed that none of those "big guns" who head that institution were present at the national chamber of commerce meeting, except a little man from the office, who represented the domestic bureau of the American industries. I asked him where the big men were, and he said he was the only big man down there from their organization.

The other member of that committee was Mr. William H. Douglas.

Mr. BURKE. He appeared before the committee a couple of weeks ago.

Mr. EWELL. Yes; Mr. Douglas was extremely bitter against the Government ship-purchase bill.

Why are these men so violent in their denunciation of the Secretary in this matter? Because all of the big interests that are so closely allied are opposed to the Government going into the shipping

business. They want "hands off" on a plum so large as this business with an enormous pork barrel turned into subsidy—their plan they can wax fat at the Government expense. And, again, because the coastwise trade and the great pig-iron industries and the large steel industries with all the correlated systems underlying that trade are opposed to it. Why? Because they are afraid that if the Government goes into this business and gets into the coastwise trade it is going to injure the present coastwise shipping. I do not consider that the purpose of this bill at all. I believe there is going to be so much business that there will be plenty for all. I do not understand that this bill contemplates that these ships shall engage in the coastwise trade at all, except perhaps in our outlying possessions. Therefore it seems to me that they are unduly aroused.

Mr. BURKE. I beg your pardon, Mr. Ewell, but going back to the referendum vote that was taken in the different chambers of commerce through the country upon the previous shipping bill, have you any idea as to the methods pursued in any or many of the chambers of commerce in taking that vote?

Mr. EWELL. I think it was by a postal-card vote, in which the executive committee or a few directors participated. I understand that was the system employed and is the custom usually adopted. I think it is safe to say that when the National Chamber of Commerce, composed of the various chambers of commerce all over the United States, passed on this subject and sent out their message through their executive committee, "as I said before, the education of the American people on the subject of an American merchant marine has been so neglected," that they were willing to follow the resolution passed by the National Chamber of Commerce. I am sure the rank and file expressed no opinion in the matter. I remember full well when the notices were sent out to organize the National Chamber of Commerce I was invited to come into it as a charter member as secretary of the National Merchant Marine Association, by Mr. Davidson, of the Worcester Board of Trade. His idea was that they should bring together all of the chambers in one great national body, so that they might act through one main center. Therefore I think it is safe to say any matter so technical as the merchant marine passed upon by the National Chamber of Commerce would naturally be accepted by the subsidiary bodies over the country.

Mr. BURKE. I will say that that was the testimony of a Mr. Rosenthal, of Chicago, who appeared here and testified that he was interested in this subject, and connected with the chamber of commerce and the Business Men's Association, of Chicago. He also gave us some information about the method that was used in the Chicago Chamber of Commerce and some others as to the taking of the sense of the respective chambers of commerce in the different States, showing that the rank and file did not have a chance to express themselves upon the question, much less to understand it, and that usually it was a few directors who gave expression for the entire body.

Mr. EWELL. Exactly.

Mr. CURRY. Right here I would like to give my understanding of that. I am not familiar with the method of taking a referendum vote

on these propositions by any chambers of commerce outside of those in California, but I do know how the referendum vote is taken there, and I know how the referendum vote was taken on this proposition. The proposition was, first of all, received by the chamber of commerce, and was referred to the executive committee, and the executive committee either sent a postal card to each member of the chamber of commerce in town, or they call a meeting and in the call state what the meeting is for.

When it is at a called meeting, it is discussed by the full membership and is voted upon. But upon this proposition it was voted upon by a postal-card vote, and each member of the chamber of commerce in San Francisco, Oakland, Los Angeles, and Sacramento—those I know of personally and the others I only know of by hearsay—voted a postal-card vote on the proposition and the chambers of commerce in those cities sent in the opinions of the members of the chambers of commerce in that matter. What they do in the East I do not know anything about.

Mr. GREENE. I think the same course was pursued in my chamber of commerce.

Mr. BURKE. I do not know that Mr. Rosenthal undertook to speak of the three cases you mentioned, Mr. Curry.

Mr. CURRY. I do not think that Mr. Rosenthal designated any particular chamber of commerce; he simply generalized; that he was connected with a great many business interests, but he did not definitely state what they were. He said he was interested in a chain of drug stores and other propositions of that kind, without designating in what towns they were or what their names were, or anything of that kind. He did state that he was connected with one department store, a mail-order house in Chicago, but whether as owner or employee he did not say.

Mr. BURKE. All of that is true, Mr. Curry; but he also stated that he was a member of the Chicago Chamber of Commerce, and he went on to tell us how a few members did the whole thing for that chamber.

Mr. CURRY. I do not remember that.

Mr. BURKE. You may proceed, Mr. Ewell.

Mr. EWELL. I would like to ask if I am correct in assuming that the shipping board also intends to control rates of foreign ships that touch our ports under this bill?

Mr. GREENE. I think they are going to try to.

Mr. BURKE. I do not know that that is one of the express powers, but they have power under this bill to prescribe rules and regulations whereby discriminations and rebates and matters of that kind will be prevented.

Mr. EWELL. I think that that would be most important, for this reason: I have discovered in my investigations that there has been a powerful Shipping Trust organized, with enormous powers, operating at the port of New York. When I was secretary of the Merchant Marine Committee of One Hundred in 1910 a letter was sent out purporting to come from six large representative import houses, stating that we "did not need any more shipping to South American countries, and that we had ample shipping facilities." In other words, they stated "that there was more shipping than was needed." That letter was

sent out to the various papers that were in sympathy with the foreign shipowners—they also carried their advertisements—and this letter was given considerable publicity. As secretary of the Merchant Marine Committee of One Hundred, I ran down that letter and discovered that it had been written by Mr. Daniels, of Busk & Daniels, representative of the Lamport & Holt Line. Those facts I stated before the Olcott Committee when I appeared before them in 1910, and Mr. Daniels was brought down here before the committee, and I understand he was asked why he did that—to send out a letter over their signature of which he was the author—and he admitted that there was a conference formed in New York that met every week regularly to regulate the shipping rates. He said he thought it would sound better to send the letter out over the names of these merchants than to send it over his name. That was a significant admission. You can see how that trust got a strangle hold on the commerce of this country. I consider that one of the things that this board should do. Get a strangle hold on this Shipping Trust and put it out of business.

We have ample precedent for the Government investing money in the stock of quasi public corporations, and the opposition that has been offered to the Government doing this is from a familiar source, but the selfsame opposition put the Government in the express business, aided by the Democrats. When you started the campaign for the establishment of the postal savings banks, that was also opposed by the same interests, on the ground that the Government was going into the banking business. And that also applied to the proposed organization of the Federal reserve banks that were established through the insistence of the present administration. The Government reserved the right to take stock in these banks not taken by national banks. Perhaps that is the main reason why this was a successful proposition from the start, and immediately taken over by the national banks of this country. As we all know, the National Bankers' Association fought it. When they found that the Government could subscribe to any stock they did not subscribe to, the banks saw to it that there was no stock left for the Government.

I have not been able to reconcile the fact that while Senator Weeks introduced a resolution in the Senate, and afterwards a bill, authorizing the Secretary of the Navy to withdraw certain cruisers and warships from the Navy for the purpose of taking care of our shipping, our mails, and our passengers in the overseas route, where we had practically no accommodations, and when these boats could only carry from 17 to 19 passengers and could only carry about 150 tons of express freight, which meant from the start a big loss and expense, and totally unsuited for the work. Why did he suggest such a proposition as that, and fight for it in the Senate, and then, when the bill came back from the House so amended as to furnish ships of sufficient tonnage to carry thousands of tons of freight and hundreds of passengers, he turned squarely around and fought it bitterly? The latter had a splendid equipment, suited to the service, and his scheme was totally unsuited and assuring a great waste of money. Why Senator Gallinger and Senator Lodge opposed so bitterly a bill which was really a splendid proposition, looking to the upbuilding of our shipping, is irreconcilable when they suggested first the idea

of putting the Government in the shipping business. They fought the thing that was a practical solution of the problem because the Government would exercise control.

I think, Mr. Chairman, it is putting this whole proposition on too low a plane when we discuss the matter from a standpoint of profit only, and especially when we are confronted with such a serious crisis as this world war. If we had only done the things that we have accomplished for the sake of profit only, would we have built the Panama Canal, where we have spent \$400,000,000? Would we have carried forward and accomplished the many things that I will not detain you to enumerate if the question of profit had always entered into them? When a certain amount of money was set aside for the destruction of the gypsy moth, was it done because there was profit in it? And when, on the other hand, \$40,000,000 was given for the purpose of destroying the boll weevil, was that done because we were going to get immediate profit out of it? No. It was done for the general benefit of all the people, although it especially benefited those people that were directly interested; still, you could not affect one section and have the result confined solely to that; its influence is certain to extend to many sections.

I consider this question of shipping one of the most important problems that has come before the American people since the Civil War, especially when you view it from the angle of preparedness and national defense. Our Navy would not have 10 per cent of its efficiency on a sudden call to war without a naval auxiliary marine. And look what a terrible spectacle we were confronted with when we had to send some of our soldier boys down to Cuba to quiet the Palma administration some years ago? You remember full well that we marched our boys in blue down the gangplank to the tune of the Star Spangled Banner and embarked them on ships flying the royal cross of St. George of England, because we had no transports or merchant vessels available. And although we bought about 100 old hulks for use in the Spanish-American War, for which we paid \$87 per ton of cargo space, right after the war they were sold at a heavy loss. They did not bring 40 per cent, in many instances, of what we paid for them.

Mr. GREENE. That was simply an emergency, and we could not help it, could we?

Mr. EWELL. I admit it was an emergency, Mr. Greene, but we could have helped it had we had a naval auxiliary merchant marine; and that is why I am supporting now this proposition to build one. And the shipping bill now proposed is the best guaranty of its completion we have ever had.

Mr. GREENE. If everyone had thought as I did, we would have one.

Mr. EWELL. I might say right here that one reason why we have not had a naval auxiliary merchant marine, if you so please to call it, or an American merchant marine, is because the Republicans of the House and the Senate have contended for 40 years for subsidies, and the Democrats, on the other hand, have contended principally for discriminating duties; and between the opposing parties we have never been able to get together. As a consequence, the American people are exposed to the terrible crisis with which we are now met.

MR. GREENE. They have not divided on party lines strictly. A good many of the western Republicans voted against the mail lines and afterwards with the mail lines with the naval provision for naval auxiliaries—we have tried to have that. The Democrats voted solidly against it and a number of western Republicans that lived where they never smelled salt water or saw any. But they voted against it because they thought it would raise the price of their freight.

MR. EWELL. I was always glad to recognize that there were many Republicans ready to vote for each measure that came up; but in the main it was generally a party division in some ratio that defeated the main issue, was it not?

MR. GREENE. No; it was lost since I have been in the House by 1 vote.

MR. EWELL. That was the Gallinger bill.

MR. GREENE. They have come very near it in the Senate, but we lost out after a hard struggle by 1 vote. We could not line up all of our own people because of that very feature that has always been a problem, that the people who live in the interior States thought that the people on the coast would get an advantage; whereas it would have been an advantage to the whole country, as I believe now and believed then.

MR. EWELL. I will conclude with just this remark, that in view of the exigencies of the present serious situation, I sincerely hope the present shipping bill will be passed by both Houses. I subscribe to it in all of its features.

I thank you.

MR. CURRY. I may have been mistaken, but I understood you to say that you favored the unrestricted admission to the coastwise trade of foreign ships?

MR. EWELL. No; I did not say that I favored the unrestricted admission.

MR. CURRY. Then I have no questions to ask. I understood you to say that.

MR. EWELL. No, sir. I said I did not understand it to be the expectation of the author of the bill that these ships should touch the coastwise trade except at such points as our outlying possessions; and those, I believe, are enumerated in the bill.

MR. CURRY. Even those ships would be different from foreign ships. Those would be American ships, under the American flag and built in the American shipyards. That would be a whole lot different than if foreign ships under a foreign flag and built in a foreign shipyard.

MR. EWELL. I appreciate that. But I assume the Government was willing not to encroach too heavily upon our coastwise trade, as that has been so successful and largely because of the fact of its having an absolute monopoly. We have over 7,000,000 tons of coastwise shipping.

MR. CURRY. All governments protect their coastwise trade; even Great Britain. They protect their coastwise trade by charging higher tonnage and port dues on foreign ships engaged in the coastwise trade than they do on the domestic ships.

MR. EWELL. Yes.

Mr. CURRY. All maritime nations, either directly or indirectly, protect their coastwise trade. The United States protects its coastwise trade directly, while Great Britain protects her coastwise trade indirectly.

Mr. GREENE. I want to say this, that at the time the ship-registry bill was under consideration in the conference committee there was a proposition advanced as a matter of necessity that these vessels be admitted to the coastwise trade, even though they had foreign officers on them and foreign crews, and were built abroad. The proposition was made that they should have all the privileges of the coastwise trade. What would be your view of that proposition?

Mr. EWELL. I would be opposed to that, Mr. Congressman, for the reason, first, that I do not believe it would be necessary, and, secondly, I think it would stimulate such tremendous opposition that it would probably defeat the passage of the bill in any form.

Mr. GREENE. I do not mean in this case. I mean when the ship-registry bill was on. When we had it in conference the proposition came up to admit these vessels that were registered under the American flag, foreign-built vessels that we had allowed to come in as a matter of emergency to relieve the situation, the privilege of the coastwise trade. And there are members on the committee who have stuck to that idea to-day. Now, I was a member of that conference committee, and I gave notice immediately that if that proposition was adopted in the conference I would not sign the conference report, and I did not. Senator Perkins, of California, who was then suffering from a severe shock which he had had, got up with trembling hands and voice, and said he would not sign it, and he did not sign it. The conference reported the bill to the Senate, and the Senate, after a full, frank, and clear discussion, voted it out by a vote of 2 to 1. In the argument there it was shown very clearly that if the foreign-built vessels, with foreign officers and foreign crews, were admitted to the coastwise trade, it would have prevented the benefits that this country has received from the coastwise trade, even though it is a monopoly, as you say—the benefits received by the United States since that coastwise trade was established in 1789, I think it was, which has been a coast guard on both the Atlantic and Pacific coasts with men with American hearts and American spirits, of American birth, and American ownership of the vessels, men who had the spirit of true Americanism in their hearts and who would have been ready to have protected the United States against any foe.

But there was a weakness in that registry bill, to which I wish to call the attention of the committee, and that is this: That it gave to the President authority to grant to those vessels admitted under the American flag permission to have foreign officers and foreign crews on those ships, and the result was that for several years they granted the right to foreign crews and foreign masters of vessels to be admitted to the rights of our flag, under that ship-registry bill. It seemed to me then a mistake and I think so now.

Mr. EWELL. I think that is going further than I want to go, and I am willing to go on record as saying that. But I would like to say in addition, Mr. Greene, I believe now that while before the war it was difficult for us to compete in the across seas trade, under the present conditions and under the conditions that we are liable

to live under for, perhaps, the next 10 years, I believe that no matter what these ships cost the Government to build now, or to buy, wherever they can buy them, that they can be sold two years hence, if you please, at a profit over what they have to pay for them. But no matter what they cost, I believe they will make a profit for the Government. And referring again to the question of putting it on the low plane of profits solely, I do not believe that thought, that it should be limited or confined to the question of profit, I do believe, however, it is going to be a money-maker for the Government, to have a Government-owned and operated merchant marine.

Mr. GREENE. If there had been no talk about a shipping bill at all by the Government, do you not believe under the circumstances as they stand to-day, with an unlimited demand for ships that private capital would have built those ships?

Mr. EWELL. I do not, sir.

Mr. GREENE. I think they would.

Mr. EWELL. We must judge the future by the past, and for 50 years they have not done it.

Mr. GREENE. There never was such a condition as there is now.

Mr. EWELL. But for 50 years we have placed ourselves in jeopardy, until we have reached the crucial point, waiting for private capital, and they have not undertaken the business.

Mr. GREENE. I know; but this situation arose by reason of the war which has been blamed very recently for the disturbance of all conditions, the tariff conditions, and everything else. And, by reason of the war, conditions were ripe for American capital to enter the trade; but with a proposition for Government owned vessels and Government operated vessels, without regard to profit, the inducements for private capital were very slight.

Mr. EWELL. I heard, only about a year ago, since the war was on, men in the shipping business say that they would not undertake to go into the business with the possibility of the Seamen's Law being passed, with that to contend with and the high price of labor, the higher cost of construction and operation, "That they would not undertake it."

Mr. GREENE. But that has changed this past year, has it not?

Mr. EWELL. Yes; but I heard that sort of talk after the war had been going on many months and the shipping men said they would not risk it, they would not go into the business and take the chance of investing in ships, but now that they see the large sums of money to be made actually in sight, they are anxious to keep the Government out of it so that they can charge all the traffic will bear and thereby cripple the farmers and merchants in their efforts to extend their trade and so injure the opportunity of the Nation to develop our export trade at the most opportune time offered in the history of America.

(Thereupon, at 3 o'clock p. m., the committee adjourned to Monday, February 21, 1916, at 10.30 o'clock a. m.)

CREATING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Thursday, February 24, 1916.

The committee met at 10.30 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

Mr. EDMONDS. Mr. Chairman, I would like to present a petition from the Philadelphia Bourse regarding H. R. 10500.

The Philadelphia Bourse is an organization composed of 2,500 business men in the city of Philadelphia, and they have gone through the bill very carefully and have noted which portions they think are good and which are not good. I would like to have it go in the record.

(The petition referred to is as follows:)

RE BILL H. R. 10500—A STATEMENT AND PROTEST BY THE PHILADELPHIA BOURSE
AGAINST THE SAME.

PHILADELPHIA BOURSE,
Philadelphia, February 23, 1916.

To the honorable the members of the Committee of the House of Representatives on the Merchant Marine and Fisheries.

GENTLEMEN: The Philadelphia Bourse is an organization composed of over 2,500 business men, firms, and corporations of the city of Philadelphia, having as one of its objects the improvement of the commercial interests of the city, State, and Nation.

Since its organization in 1891 it has consistently endeavored to further the enactment of laws having for their object the upbuilding of an American merchant marine to meet the requirements of the commerce of the United States with foreign countries and with its Territories and possessions, and through its board of directors and its committee on commercial affairs has devoted much time to the study and consideration of this most important question.

It has carefully studied the provisions of the bill (H. R. 10500) now under consideration by your honorable committee, and it is convinced that plans and methods proposed in said bill will fail to achieve the purpose as stated in the title of the bill, and therefore asks that the bill be returned to the House of Representatives with a negative recommendation, and begs to submit the following as some of its reasons, both general as against the principles underlying the whole bill and specifically against certain sections as named.

Under section 4132 of the Revised Statutes of the United States, as amended by the Panama Canal act, and under the provisions of the bill H. R. 18202, Sixty-third Congress, approved August 18, 1914, American citizens desiring to engage in the operation of vessels in the foreign trade were free to purchase ships in the cheapest markets of the world, and obtain American registry for such ships, but the failure of American citizens to take advantage of the opportunities afforded by the legislation above referred to is, we feel, conclusive proof that ships registered under the American flag can not be profitably operated in the foreign trade under normal conditions.

The Philadelphia Bourse is of the opinion and believes that before a merchant marine can be created under the American flag to compete with foreign ships in

the overseas trade under normal conditions a complete revision of the navigation laws of the United States must be made, so that the cost of operating ships under the American flag may be reduced to the level of the cost of operating foreign ships competing for the same business; and, further, that the vessels which might be procured by the shipping board under the bill H. R. 10500 and by said board chartered, leased, or sold to private persons, firms, or corporations or to the corporation as proposed by section 8 will operate under the same disadvantages that apply to privately owned vessels.

The Philadelphia Bourse opposes the creation of a shipping board (as provided in sections 1, 2, 9, and 10) with plenary powers of regulation and control of American and foreign shipping, including the right to prescribe preferential rates, believing that subject to the regulation of such a board private capital could not be induced to enter the shipping business, that existing lines would be withdrawn from business, and that foreign shipowners would seek other trade for their vessels rather than submit to such outside control of their business.

As to the provision in sections 3, 4, and 8 for government ownership and operation (through a "dummy" corporation), the bourse is unalterably opposed to our Government trying a needless and costly experiment to attain an end which can be attained without risk or cost by the repeal of all of our navigation laws which enhance the cost of operation of American ships above the cost of operating competitive shipping, and by a suitable subsidy given to vessels constructed in American shipyards to offset the higher cost of construction, thus encouraging the growth of the shipbuilding industry, an essential element in national security.

The provisions of section 5 the bourse considers as unobjectionable in principle, believing that Government-owned vessels suitable for commercial use could be usefully and profitably employed (if not otherwise required) in times of peace under charter to private parties, but their use should be restricted to the coastwise trade or between Atlantic, Gulf, and Pacific ports, so as to have them close at hand in case of need. They should not be permitted to engage in foreign trade, as they might be at the antipodes when wanted and would be liable to capture or internment in event of war. Vessels rust out more quickly when laid up in reserve or out of commission than when in use, hence naval and military auxiliary ships under charter to responsible parties for use in near-by services and well maintained would be more quickly and readily available for use than if laid up out of commission.

The bourse believes that the provisions of section 6, lines 11 to 22, constitute an absolutely unfair and unwarranted interference with the right of private parties to dispose of a losing investment in vessel property, and if enacted into law should be amended so as to be applicable only in time of war.

The bourse believes that the general principle of section 7 is right and might well be made the basis of a separate act should the bill as a whole be (as we hope) negatively reported; but the scope should be enlarged so as to give to the President the right and power in time of war or any national emergency to commandeer any vessel flying the American flag upon just terms, rather than upon terms "based upon normal conditions."

The provisions of section 11 the bourse considers as commendable in principle and should be made to apply to all vessels under the American flag.

For the above reasons the Philadelphia Bourse again requests and expresses the hope the bill H. R. 10500 may be reported back to the House of Representatives with the recommendation that it do not pass, and with the further hope that such other legislation will be promptly enacted that will provide for an immediate and complete revision of those sections of our navigation laws which by their restrictions on American ships and shipowners enhance the cost of operation of vessels under the American flag, believing that when this is done that there will be ample private capital ready to build up an American merchant marine such as is the desire of every good citizen of this Union.

Respectfully submitted for the Philadelphia Bourse.

GEORGE E. BARTOL, *President*.

Attest:

[SEAL.]

EMIL P. ALBRECHT, *Secretary*.

The CHAIRMAN. We have quite a delegation here this morning, some representing the Chamber of Commerce of New York and

others from the New York Board of Trade and Transportation. We want to give everybody a fair chance to be heard.

We also have with us Mr. Stuart G. Gibboney, of Barber, Watson & Gibboney, lawyers, of that city. Mr. Gibboney, I think, at least two weeks ago informed me he wanted to be heard and was to have been here last week, but could not be present and so wired me. Later, I told him to be here this morning, and I feel we should hear him first.

I think it is at least three weeks ago that I notified Mr. Fahey, then president of the Chamber of Commerce of the United States, to be present at these hearings when they occurred—invited him in person and then later by letter notified him that it would be agreeable for him to appear this morning. So, if there is no objection, we will hear him second.

Mr. Rhett, who is president elect of the Chamber of Commerce of the United States, is here, and I understand he only cares to make a very brief statement.

When we have heard these gentlemen, I would ask Mr. Bush, of the delegation from New York, to arrange the order in which the members of the New York delegation are to be heard.

STATEMENT OF STUART G. GIBBONEY, ESQ., OF BARBER, WATSON & GIBBONEY, 165 BROADWAY, NEW YORK, N. Y.

MR. GIBBONEY. I am a member of the firm of Barber, Watson & Gibboney, counselors at law, 165 Broadway, New York. I am general counsel for the Hudson Navigation Co., and I am also general counsel for the United States Steamship Co., a company which is now in process of organization, organized under the laws of the State of Maine.

THE CHAIRMAN. Who are the officers of that company?

MR. GIBBONEY. The president of that company is Mr. George E. Macomber, of Augusta, Me., who happens to be president of the Augusta Trust Co., a well-known Maine man. Mr. N. H. Campbell is treasurer of that company, and Mr. White is the secretary.

THE CHAIRMAN. Are they New York men?

MR. GIBBONEY. Mr. White and Mr. Campbell are; Mr. Macomber is a Maine man.

I will be very brief, gentlemen, in what I have to say. I have not read any of the reported hearings of this committee and do not know what has been said here. I am sorry that some of the officers and those interested in our company are not here to speak, instead of myself. Last week we had all arranged to come down together, but I was detained by the trial of a case in the United States court before Judge Ray, in Albany, and could not get away. The chairman, however, kindly invited me to come here this morning. What I say, however, I can say is said with the authority of the companies which I represent, and after consultation with them.

THE CHAIRMAN. What is the Hudson Navigation Co.?

MR. GIBBONEY. The Hudson Navigation Co. is a company that navigates boats on the Hudson River between Troy, Albany, and New York City. That is a company which has not, up to this time, been engaged at all in foreign shipping, although we are subject to the Interstate Commerce Commission and our rates are supervised by it.

I will take up the bill, as I suppose that is the best way of stating our views.

The CHAIRMAN. This is a continuation of the hearings on H. R. 10500, known as the shipping bill.

Mr. GIBBONEY. Yes, sir; I have that bill before me. We have no suggestion to make in regard to the first section there, with regard to the establishment of a board, except it seems to us that it should provide that at least one of the lay members of the board should be a man experienced in shipping or transportation matters.

Mr. EDMONDS. Do you not think all of them ought to be experienced in shipping and transportation matters?

Mr. GIBBONEY. I doubt if you will be able to get them at the price you fix for the salary.

Coming, now, to section 2, it seems to me that the salaries fixed there are too small. I doubt if you will be able to get such men as will perform satisfactory service on this board for \$10,000. The Hudson Navigation Co. operates for only eight months in the year, and we pay our president \$18,000 a year, and that is a fair sample of the salaries paid to shipping men in New York.

The CHAIRMAN. Ten thousand dollars is the salary of an Interstate Commerce Commissioner, and I expect there are as good men on that commission as your \$18,000 man.

Mr. GIBBONEY. That is very true, but if you are going to put men experienced in shipping on this board that is a very different matter. You can always find a great many self-sacrificing lawyers to give up a good salary for the honor they get.

The CHAIRMAN. I think we ought to get some people representing the people at large, the commercial interests, the manufacturing interests, and the agricultural interests.

Mr. GIBBONEY. I think so. I do not think there should be more than one real shipping man on here. I think the exporters should have a man on there, and probably the shipbuilders. I think, however, that could be left to the discretion of the President in selecting them, but I think one man should be a practical shipping man.

The CHAIRMAN. I agree with you there entirely, and perhaps more.

Mr. GIBBONEY. There is nothing else in that section on which we have any suggestions to make. Coming now to the third section, we are in favor of that section. We think we are the only people who have been making an honest effort to develop the American merchant marine under these times, and we are not afraid of any competition by the Government under this act at all. We have bought since last November 14 ships, for which we have paid over \$2,000,000, and which we are sending out.

Mr. HARDY. Where did you get them?

Mr. GIBBONEY. We bought them all around; we bought them wherever we could get them. We bought four of them from the Lakes, when the railroads had to sell them on the Lakes.

Mr. HARDY. In November?

Mr. GIBBONEY. While the purchase was not completed until January, we were dickering for them in November and December.

Mr. LOUD. They are coming down in the spring?

Mr. GIBBONEY. Yes, sir. Four of those boats we bought there, and then we bought three from the Erie Railroad Co. a week ago—the *J. J. McCullough*, the *Shamonk*, and the *Oswego*.

Mr. HARDY. How large boats were they?

Mr. GIBBONEY. The three boats we bought from the Erie Railroad were of 5,000 tons dead-weight capacity.

Mr. HARDY. Ocean going?

Mr. GIBBONEY. Two are ocean going and one coastwise. These were bought just 10 days ago. We bought two English ships in Halifax, and we picked them up here and there. I may say in this connection that we have associated with us Mr. C. W. Morse, who is well known in shipping circles. He probably knows more about the boats on the American seaboard than any other man, and Mr. Morse is the man who has found these boats and bought them for us largely. In this connection I might say that it is my opinion that if the ship-purchase bill of last year had gone through and the Government had bought \$50,000,000 worth of boats the Government by this time would have made \$50,000,000.

Mr. HARDY. Are there any boats lying around for sale now—do you know?

Mr. GIBBONEY. Yes. I am not going to tell you where they are, because we are going to try to buy them; but I think that close on to 20 or 25 could be bought to-day if you knew where to get them.

Mr. HARDY. What size boats?

Mr. GIBBONEY. They average between 4,000 and 5,000 tons dead-weight capacity.

Mr. EDMONDS. Would they be available for use on the ocean?

Mr. GIBBONEY. Yes, sir. Some of the vessels that we bought from the Erie Railroad Co. we had to fix up.

Mr. EDMONDS. You are going to bring them down and load them on the ocean?

Mr. GIBBONEY. We are bringing two of them down now, and the other is in dry dock—the *Shamank*. Just to show you what a wonderful advance there has been in the price of these boats, when we contracted to purchase these boats from the Erie Railroad there were three boats—the *J. J. McCullough*, which is a coastwise boat, the *Oswego*, and the *Shamank*. The president of the Erie Railroad Co., who carried on the negotiations with our company for the boats raised his price as we went along and we thought we had better take them as quickly as we could get them, and we did. But during the time we were drawing up the contract for the *Oswego*, for which we paid \$325,000 (during the three days that we were agreeing on the contract or the negotiations), we had an offer of \$450,000 for the *Oswego*, an advance of \$125,000 in three days.

Mr. HARDY. High finance.

Mr. GIBBONEY. High finance. And to-day, if we would sell her, I believe we would get \$500,000 for her, and we only paid \$325,000 for her 10 days ago.

What strikes our approval in the matter of this section is that if this bill goes through we will want to come in and offer to the shipping board to take 100,000 tons of the shipping authorized by this bill and guarantee to pay to the Government 6 per cent on it net, and we would like to get 100,000 tons at that rate and operate them, and we can operate them at a profit.

Mr. EDMONDS. Do you mean you can do that two years from now or three years from now after the war is over?

Mr. GIBBONEY. After the war is over. I am not figuring on wa prices at all; because to show you the enormous profits being mad out of shipping at the present time and the abnormal condition that prevail, we sent out three boats January 18, February 7, an February 8, and the freight that we received from the cargoes o those three boats yielded us an average of 170 per cent profit on th purchase price of the boats.

Mr. BRUCKNER. Where did they go?

Mr. GIBBONEY. One of them went to Archangel and one of thei to Genoa, and they were loaded with timbers, barbed wire, pig iron steel rails, etc.

Mr. EDMONDS. How many trips have they made?

Mr. GIBBONEY. This is their first trip.

Mr. LOUD. They have not arrived at Archangel yet?

Mr. GIBBONEY. No; they will get in there next month. It is a remarkable statement to make, gentlemen, but we paid for those boat on the first trip out and have paid 100 per cent dividends to th stockholders who went in on them and we have earned 170 per cen net.

Mr. BYRNES. Those freights are being charged simply because you can charge them?

Mr. GIBBONEY. Yes, sir.

Mr. ROWE. These are tramp steamers.

Mr. GIBBONEY. Yes, sir.

Mr. BYRNES. If we can get through this bill which we are seeking to pass, of course you would not be allowed to charge any such high rates as that?

Mr. GIBBONEY. Certainly not, but of course the shipping board would have to take into consideration the supply and demand wher it fixes the rates.

Mr. BYRNES. Oh, no; take into consideration what would be reasonable.

Mr. GIBBONEY. That is perfectly reasonable, I think. We are willing to submit to that.

Mr. EDMONDS. Can you get insurance to Archangel?

Mr. GIBBONEY. Yes, sir.

Mr. EDMONDS. It is pretty heavy?

Mr. GIBBONEY. Yes, sir; it is pretty heavy. I forget the exact ra

Mr. EDMONDS. And you are forced to charge high rates then in order to cover heavy insurance charges?

Mr. GIBBONEY. But even after paying insurance, we have netted 125 per cent profit on this one trip. Now, there is a prevailing impression that no ships can be built in this country at the present time. That is not true. I was told by Mr. Bruckner this morning that the Secretary of the Treasury made that statement the other day. But I am up against this shipping proposition every day, and my company has bought a shipyard within the last two months at Noank, Conn., within 135 miles of New York City. We are building there six boats at the present time, and if this bill goes through we will be in a position to contract with the Government for nine boats, which we will agree to complete within 18 months, of 5,000 tons each.

Mr. BRUCKNER. I have been told that no shipyard will accept an order for delivery in less than three years.

Mr. GIBBONEY. We will take an order to-morrow morning if we can get one for nine of those boats.

Mr. GREENE. What company is that you are referring to?

Mr. GIBBONEY. Robert Palmer & Sons, Noank, Conn., which is about 135 miles from New York City, and 10 miles from New London.

Mr. BRUCKNER. A new concern?

Mr. GIBBONEY. No; an old concern.

Mr. GREENE. Have they been actively engaged in business all the time?

Mr. GIBBONEY. They have not been actively in business for the last 10 years. There have been a great many shipyards that have not been active. But they are at the present time, and we are building six boats there. We took over those boats and agreed to complete the contract, and we have a capacity for nine more boats, which we can and will build if we can get the orders for them. I will say also that we have under option a shipyard not farther than 100 miles from Washington, where we will be able to undertake a contract for the completion of 10 boats, which we can build in two years' time. We intend to exercise our option on that yard if this bill goes through, because we think there will be a demand created for the building of ships by this bill, and we would like to get in and build some of the ships for the Government under these circumstances.

Mr. BURKE. In corroboration of your statement as to the activities in shipping, I would say that about three weeks ago the Norwegian Government or a Norwegian firm let a contract for the building of two 5,000-ton merchant ships at Manitowoc, on the west shore of Lake Michigan, in my State. I merely cite that as showing there are chances still existing to let shipping contracts.

Mr. GIBBONEY. I think there is no doubt about it, sir. But I think there is so little real information about this whole shipping business from practical men who are up against the shipping proposition. The real reason we have not a merchant marine, gentlemen, is just one——

Mr. SAUNDERS. That is what I have been trying to get at for a long time. What is that one reason? [Laughter.]

Mr. GIBBONEY. My opinion may not be worth much, but it is this, because of the difficulty in financing in this country any proposition of this kind.

Mr. SAUNDERS. Just one purely of financing?

Mr. GIBBONEY. Purely one of financing, in my opinion.

Mr. SAUNDERS. The field is there?

Mr. GIBBONEY. The field is there.

Mr. SAUNDERS. The opportunity for profit is there?

Mr. GIBBONEY. The opportunity for profit is there.

Mr. SAUNDERS. And there are no difficulties of legislation in the way?

Mr. GIBBONEY. No, sir.

Mr. SAUNDERS. It is just one of financing?

Mr. GIBBONEY. Yes, sir. All this poppycock talk about the La Follette bill has not prevented us from earning 170 per cent profits.

Mr. GREENE. But conditions are now are abnormal.

Mr. GIBBONEY. Of course, in normal conditions such tremendous profits would not be there.

Mr. SAUNDERS. Then I gather, Mr. Gibboney, from what you say, really what we needed at the beginning of this war, more than anything else, more than shipping, is that portion of the bill which would have allowed us to curb and control these outrageous rates which have been charged by shipowners?

Mr. GIBBONEY. I do not get that.

Mr. SAUNDERS. I say, what we needed more than anything else at the beginning of this war was that portion of the bill which would have allowed us to control these outrageous rates which the shipping people have been charging. If we had had that we would not have been suffering from imposition in the way of these destructive rates you have been telling us about.

Mr. GIBBONEY. There would not have been the demand for ships if there had not been the high prices for freight; there would not have been as much export freight carried at a lower rate, of course, as there has been at the higher rate.

Mr. SAUNDERS. Do you mean to say if the rates had been curbed, then we would not have had the export?

Mr. GIBBONEY. I think there would not have been as much capital gone into the shipping business.

I should like to point out, in this connection, that I wrote an article for the Engineering Magazine, in January, the title of which was "The pressing need for a merchant marine." I made the charge in that paper—and a great many newspapers in New York threw conniption fits—I made the charge in that article that one is driven to the conclusion that if Wall Street could not get well-watered stock in that corporation or else a plan for a ship subsidy it would not play the game. A lot of newspapers in New York threw conniption fits about that statement, but since I read the bill which has been introduced on behalf of the chamber of commerce as I was coming down on the train last night I see that what they were doing was playing for a ship subsidy.

Of course we are in the shipping business, and if there are going to be any subsidies paid we will take whatever comes our way.

The CHAIRMAN. You want your share, of course.

Mr. GIBBONEY. We want our share. At the same time we realize such a bill has no chance in this Congress, and we are anxious to see any bill go through which will tend to stimulate the development of our merchant marine and the building of more ships; and as it was necessary for the Government to finance, so to speak, the first trans-continental railway we are right back in that situation to-day. We need the Government to help us finance and put on its feet this tottering industry. In that connection, I should like to see this bill contain a provision for a shipping board to take the minority stock in a corporation—preferred stock, if you will—under the supervision of the shipping board, and I should like further to see the shipping board loan money on mortgage on vessels and to have a clause in there that in such cases the Government had a right to take over the boat in time of war for a naval auxiliary.

Mr. BRUCKNER. Do you think private capital will take stock in this corporation?

Mr. GIBBONEY. In which corporation—in my corporation?

Mr. BRUCKNER. No; in this corporation.

Mr. EDMONDS. The Government owning a majority of the stock, you mean?

Mr. GIBBONEY. Yes; but it will have to be popular subscription. You never could get it from the ordinary banking channels in New York. Those fellows won't buy; you will have to get it through popular subscription.

Mr. BRUCKNER. How is it, Mr. Gibboney, that the American capital, which is so anxious to invest in money-making enterprises, does not want to invest in the shipping enterprise?

Mr. GIBBONEY. It is a new business.

Mr. BRUCKNER. Shipping is new?

Mr. GIBBONEY. The American banker is about the most conservative man I know of.

Mr. BRUCKNER. It is the bank; not necessarily the banker?

Mr. GIBBONEY. It is purely a question, it seems to me, of getting money. If you can get the ships, and if you can get the freight to carry at a profit, and you can show you can make money, then it becomes purely a question of finance.

Mr. BRUCKNER. That has been shown?

Mr. GIBBONEY. Yes.

Mr. GREENE. Will you please tell me what the capital stock of your corporation is?

Mr. GIBBONEY. \$25,000,000.

Mr. GREENE. \$25,000,000?

Mr. GIBBONEY. Yes.

Mr. GREENE. You incorporated under the laws of the State of Maine?

Mr. GIBBONEY. Yes, sir.

Mr. GREENE. Why do you incorporate under the laws of the State of Maine?

Mr. GIBBONEY. The president of the company is a Maine man.

Mr. GREENE. Oh, I know; but that is always so of those Maine corporations. Some officer has to be. You incorporate in the State of Maine—why do you not incorporate in the State of New York?

Mr. GIBBONEY. I may say, in that connection, that our company is in process of formation. And we are also incorporating a company (so as to preserve the name) under the name of New York. You see, the scheme we are working is perfectly simple; we buy a boat for \$325,000, and we organize a company under the name of that boat and we issue a share of stock for \$100 for every \$100 put in that boat.

Mr. GREENE. And there is no personal liability in those Maine corporations.

The CHAIRMAN. That seems to be the way they incorporate those companies now.

Mr. GIBBONEY. We have a number of ships, and as the same stockholders have gone in practically all of these boats, we are going to suggest a scheme of consolidating all of those companies into one line for the purpose of economy.

Mr. ROWE. You mean a holding company?

Mr. GIBBONEY. No; not by a holding company at all, but to take over the boats.

Mr. EDMONDS. Do you mean to say that if you buy a boat for \$325,000, you capitalize that for \$325,000?

Mr. GIBBONEY. Yes, sir.

Mr. EDMONDS. And then you sell stock for \$325,000?

Mr. GIBBONEY. Absolutely.

Mr. BRUCKNER. Each boat is separate?

Mr. GIBBONEY. Each boat has been separately incorporated. We have bought altogether 14 boats.

Mr. BRUCKNER. And you have 14 different corporations?

Mr. GIBBONEY. Fourteen different State corporations with practically the same stockholders.

Mr. BRUCKNER. Are any of those corporations formed in New York?

Mr. GIBBONEY. They are all formed in New York.

Mr. EDMONDS. Each company is going to take stock in the consolidated company and to pay 100 per cent for the stock which it subscribes?

Mr. GIBBONEY. Our company is the United States Steamship Co. Our scheme is perfectly simple; it does not contravene any trust laws; we have carefully looked into that, and it does not contravene the Clayton Act. Our plan is to propose to the stockholders in these various boats that they turn in their stock and take stock in the United States Steamship Co. for their boat.

Mr. EDMONDS. There will not be any water in the United States Steamship Co.?

Mr. GIBBONEY. No, sir; we do not propose to have any water in the United States Steamship Co.

Mr. EDMONDS. Mr. Morse is at the head of it?

Mr. GIBBONEY. Mr. Morse is one of a number of men in it.

Mr. EDMONDS. That same Mr. Morse was in steamship companies along the coast some time ago?

Mr. GIBBONEY. He was.

Mr. EDMONDS. There was plenty of watered stock then, was there not?

Mr. GIBBONEY. I was not familiar with those operations. I know there is no water now.

In this connection, gentlemen, in regard to section 4, we think it is a very salutary provision here to provide for the leasing of vessels. The minute the Government has 500,000 tons of boats it would have no difficulty in leasing them at all; and it could get, I think, a net rental of 6 per cent on those boats without any question.

Mr. CURRY. Do you think the Government ought to go into that business for the purpose of keeping freight rates up?

Mr. GIBBONEY. No, not for the purpose of keeping freight rates up. The shipping board is for the purpose of keeping rates down, as I understand it.

Mr. CURRY. If they are going to lease those ships for as much as they can get for them, is it not going to keep the freight rates up?

Mr. GIBBONEY. No; I think if the Government leases the boats at 6 per cent, and would increase the tonnage, the freight rates would automatically go down. If the Government could put out to-morrow 500,000 tons of ships and lease them to individuals you would see the freight rates go down pretty fast.

Mr. CURRY. Who would lease them—the people running the ships now?

Mr. GIBBONEY. The people running the ships now; or people might go into the business.

Mr. CURRY. And you think they are going to reduce the freight rates because they lease from the Government?

Mr. GIBBONEY. No; not because they lease from the Government, but because I think there would be more ships to carry the export trade.

Mr. CURRY. If you had double the number of ships, you could not carry it?

Mr. GIBBONEY. If we had 500,000 tons we could not carry all the freight—is that your statement?

Mr. CURRY. Yes; that is my statement.

Mr. GIBBONEY. I think that statement is correct. But if you had 500,000 tons of boats you would have that many more boats and consequently that much less export per boat.

Mr. CURRY. Those same people would lease those ships, those people who are, without rhyme or reason, keeping the rates up, if we had some ships to lease from the Government. Because they lease from the Government, they would reduce the freight rates?

Mr. GIBBONEY. Oh, no; they would not do that at all.

Mr. CURRY. Certainly they would not.

Mr. GIBBONEY. But you would increase the number of ships and automatically decrease the rate per ship.

The CHAIRMAN. The provisions I want you to keep in mind are the provisions of section 8 of this bill, that such a situation as that could not exist in the event the Government operated those boats; that is, a Government-controlled corporation.

Mr. GIBBONEY. Exactly.

Mr. CURRY. Mr. Chairman, that is what I wanted him to admit, but he would not. The commission could also control the freight rates on privately owned ships.

Mr. GIBBONEY. I had that in mind.

The CHAIRMAN. Some people want that section out of the bill. If it was out of the bill they would have the Government at their mercy. As long as that stays in the Government could compel decent treatment for the people.

Mr. GIBBONEY. You can not blame those people, who are not in business for their health in New York, for getting all they can out of these boats.

The CHAIRMAN. I think their appetite is always keen for profit.

Mr. GIBBONEY. Their appetite is always keen for profit. I have never seen a New Yorker yet who was opposed to making money.

Mr. LOUD. You could not get any relief from the boats you would buy. You could only get relief from the boats you would build.

Mr. GIBBONEY. If this bill passed to-morrow you could get some boats.

Mr. LOUD. How would that relieve the situation when they are already in the traffic?

Mr. GIBBONEY. Those boats are not in the traffic now.

Mr. BRUCKNER. Where are they now?

Mr. GIBBONEY. I am not going to tell where those boats are, because we want to get them ourselves, and, in fact, we are negotiating for them at the present time.

Mr. RODENBURG. An owner of a boat who would not put the boat in the traffic now, when we are making these enormous profits, ought to have his head examined.

Mr. GIBBONEY. I think so, too.

Mr. BRUCKNER. You are sincere in your statement that there are those boats to be had?

Mr. GIBBONEY. Yes; there is a limited number. According to my figures, there are about \$2,500,000 worth of boats.

Mr. SAUNDERS. Will you just tell us in that connection why, with the opportunities you have described here this morning, \$2,500,000 worth of boats are idle?

Mr. GIBBONEY. That is because people do not know where they are, or else it is difficult to finance.

Mr. SAUNDERS. But the people who own the ships know. Are they not aware of the enormous profits that are present just now?

Mr. GIBBONEY. Yes; and they are, of course, trying to sell them. Take the Erie Railroad boats; why did not somebody else get in there 10 days ago and buy those boats? We bought them only 10 days ago. You see, a large number of those boats are on the market by reason of the Panama Canal act, and the railroads have to divorce their connection with the steamship lines, and a great many boats are on the market for that reason. All of those Lake boats are on the market for that reason, of course.

The CHAIRMAN. I noticed a statement the other day that a \$20,000,000 corporation had been formed to take over those boats that the railroads on the Lakes were compelled to give up.

Mr. GIBBONEY. That is all true. We know all about that, sir; and we are bidding for those very boats and bought four of them.

The CHAIRMAN. That is a distinct corporation from yours?

Mr. GIBBONEY. That is a distinct corporation from ours; that is Mr. Connor's corporation in Buffalo.

Mr. SAUNDERS. It seems to me an arrangement would have been made to take those boats up as soon as they got a chance.

Mr. GIBBONEY. They have been on the market since the 1st of December.

Mr. ROWE. They are actually wanted in commerce on the Lakes?

Mr. GIBBONEY. Yes, sir.

Mr. ROWE. And they are simply taking them out of the commerce on the Lakes and putting them on the ocean?

Mr. GIBBONEY. Mr. Connor contemplates keeping them there.

Mr. ROWE. I mean yourself; you have taken them off the Great Lakes?

Mr. GIBBONEY. No, sir; we have got three that are going to operate there. We bought four from the same company that Mr. Connor did.

Mr. BRUCKNER. But, Mr. Gibboney, that does not relieve the situation. Those same boats are engaged in that traffic.

Mr. GIBBONEY. No; that does not relieve the situation; there is probably a greater demand on the Lakes to-day than ever before.

Mr. SAUNDERS. The only way to relieve the situation is to get those boats that are idle from the owners who do not seem to have sense enough to know a good thing when they see it.

Mr. GIBBONEY. We bought 14 boats since the middle of November, showing you that we can buy boats.

Mr. EDMONDS. Were all of those boats in operation when you bought them?

Mr. GIBBONEY. Practically none of them.

Mr. EDMONDS. They were bought on the Great Lakes?

Mr. GIBBONEY. No; they were not all on the Great Lakes.

Mr. EDMONDS. Where were they; on the ocean?

Mr. GIBBONEY. Sticking in shipyards here and there, all the way from Halifax to Baltimore.

Mr. EDMONDS. Had they been in operation at all since the war started?

Mr. GIBBONEY. Some of them had and some of them had not. Two of them were English boats, which we got in Halifax, Nova Scotia; we got one boat from the Merchants' and Miners' Transportation Co. here in Baltimore. We just picked them up wherever we could find them.

Mr. EDMONDS. The reason they were not in operation was because they were physically unable to operate them on account of repairs or something like that?

Mr. GIBBONEY. No. In the first place, you have to have a place in New York where you can assemble your freight; you have to have a dock; you have to be able to connect with the man who wants to ship stuff. And just any fellow down in Norfolk or up in Baltimore can not pick up a boat and run into a fellow on the street, you know, and get cargo for his ship. We own our own dock in New York City.

Mr. EDMONDS. Your statements do not connect at all, because you made the statement here that the demand for ocean tonnage was enormous.

Mr. GIBBONEY. It is.

Mr. EDMONDS. And yet here are these ships that could make 100 per cent profit on a single voyage lying around, and the men do not know what to do with them. If you are making that amount, I think you could almost run into a man on the street and get cargo.

Mr. GIBBONEY. We bought 14 of them.

Mr. EDMONDS. I understand perfectly well that you did.

Mr. GIBBONEY. And they had been on the market for three months. And we will buy the rest of them. We will take every boat available for ocean transportation that can be bought to-day.

Mr. EDMONDS. And so will a great many people.

Mr. GIBBONEY. Certainly.

The CHAIRMAN. We are not making any headway talking about that.

Mr. GIBBONEY. I will be very brief. Of course, it is not for me to say what the advantages might be to the Government for having naval auxiliaries. That, it seems to me, is self-evident; and that these boats could be profitably handled there is not any doubt, in time of peace, in the merchant marine.

Mr. LOUD. The Navy Department insists they have no auxiliary to spare.

Mr. GIBBONEY. I say these very boats could be taken from marine transportation and turned into naval auxiliaries under terms of this bill.

Mr. LOUD. You are not speaking of the ones we already have.

Mr. GIBBONEY. No, sir.

Mr. BRUCKNER. Did I understand you to say you bought the English boats?

Mr. GIBBONEY. Yes, sir.

Mr. BRUCKNER. How did they get American registry?

Mr. GIBBONEY. We did not put them under American registry; we left them in the English registry.

Mr. BRUCKNER. Then they are not flying the American flag?

Mr. GIBBONEY. No, sir. We have 12 boats now under the American flag and two under the English flag. In that connection might say you can buy an English boat at about 80 per cent of what you have to pay for an American boat to-day. In other words, additional risk and other things are figured by the shipowners to about 20 per cent in favor of the American registered boat.

As to the prices paid for these boats, we paid all the way from a ton up to \$100 a ton. I think probably \$100 a ton is about market price to-day on the ocean-going boat in New York.

Mr. SAUNDERS. What was the price per ton before the war broke out, approximately?

Mr. GIBBONEY. It would depend a great deal on the boat, of course.

Mr. SAUNDERS. I understand.

Mr. GIBBONEY. I should say that a boat to-day selling for \$100 a ton could be bought before the war at \$60, as an average; may be \$50.

Mr. SAUNDERS. And that is all the advance that has occurred in spite of the enormous possibilities of profit that has been going on and are still going on?

Mr. GIBBONEY. They are going up every day. Only recently they have been jumping by leaps and bounds, which I illustrated in the purchase of those Erie Railroad Co. boats. Just to give you an idea of the tonnage, I have made this memorandum of boats, and cargo and freights we are getting. Where ordinarily \$8 per ton was paid before the war to Genoa, to-day we are getting \$50 a ton, and where ordinarily \$12 was paid for freight to Archangel, to-day we are getting \$100 a ton, and it is going up at the rate of 100 per cent a week.

Mr. GREENE. Who pays the freight?

Mr. GIBBONEY. The shipper of the goods, and he pays it before the boat leaves the harbor.

Mr. GREENE. So that the freight is added to the cost of the goods and the buyer pays it?

Mr. GIBBONEY. Of course; at the other end.

As I said before, the necessity for this bill is purely a question of finance. You have to educate the American banker and make him realize that there is a great field here. And the Government has to do it because we waited for 70 years for them to get into the field and they have not done it and never will.

We should like to see put into this bill, as I said before, a provision that the Government might take the minority stock in the

corporation—preferred stock, if you will—so that they would be sure of getting their dividends.

Mr. SAUNDERS. Let me ask you a business question. You take a ship which the Government buys for a million, which it leases to you, we will say, under the proposition that you say you are willing to make—that you are willing to give the Government 6 per cent on that.

Mr. GIBBONEY. Yes, sir.

Mr. SAUNDERS. Would that interest of 6 per cent on a million-dollar ship provide the Government not only with a profit on its money, but take care of the gradual decline in value of the ship from year to year to replace it?

Mr. GIBBONEY. You mean a sinking fund?

Mr. SAUNDERS. Yes; to take care of its decline in value.

Mr. GIBBONEY. I think, probably, the shipping board would have to work out some scheme for laying aside a sinking fund, and either have the lessee of the ship pay that or have some fair adjustment between the Government and the lessee.

Mr. SAUNDERS. As a business proposition, 6 per cent would not do it?

Mr. GIBBONEY. No, sir; I do not think it would.

Mr. SAUNDERS. You have to have in mind, if you go into the business as a capitalist—if you go into the shipping business—such earnings on that ship as will not only give you a dividend, but will replace it; in other words, will provide a sinking fund.

Mr. GIBBONEY. Yes.

Mr. RODENBERG. What percentage do the shipowners provide for that?

Mr. GIBBONEY. That depends on the boats. Most of those boats we bought have been very old boats; but if you started out with a new boat it would be an entirely different proposition, of course. Then you would have to figure on what the life of the boat would be under ordinary circumstances.

Mr. SAUNDERS. I will renew my question. If you put your money in a vessel you have to have in mind those considerations.

Mr. GIBBONEY. Certainly.

Mr. SAUNDERS. Then, having in mind a new ship, if the Government buys a new ship at a million dollars which it proposes to lease to you, you say you are willing to take that from the Government at 6 per cent?

Mr. GIBBONEY. Yes, sir.

Mr. SAUNDERS. But that does not save the Government harmless in its investment in that ship. According to the accepted rates of the business world, what ought the Government charge in order to provide a sinking fund?

Mr. GIBBONEY. You would have to figure it out, to figure the price of the ship and figure the amount of capital invested in the ship, and then you could very easily figure the amount to be set aside each year.

Mr. SAUNDERS. I know we have to do all that, but what I am trying to get at, Mr. Gibboney, is for you to tell me as nearly as you can, approximately, what that will be. That is what I am trying to get in the record.

Mr. GIBBONEY. Taking a 5,000-ton boat, which is the most sensible boat for the Government to build under the bill, because that is the most easily chartered ship, I should say, with a new boat, the life of it ought to be certainly 40 or 50 years.

Mr. SAUNDERS. Say 40 years.

Mr. GIBBONEY. Yes; take it at 40 years. You can figure out the cost of that boat, which will be in ordinary times probably \$75 per ton. And then it is a pure question of mathematical calculation.

Mr. SAUNDERS. I am figuring that the Government has bought it in normal times and paid a million dollars for it.

The CHAIRMAN. A million dollars for a 5,000-ton vessel?

Mr. SAUNDERS. Say \$500,000; that does not alter the question at all. I took a million dollars as the original cost of the vessel. I do not care; say, \$500,000; it is immaterial.

Mr. GIBBONEY. It ought to be the life of the vessel figured out on a conservative basis divided into the amount the vessel cost. That is all.

Mr. SAUNDERS. Can you not put that in now—some concrete statement of the figures?

Mr. GIBBONEY. Being a lawyer, I am not a very good mathematician.

Mr. SAUNDERS. I do not want you to go into any exact calculation; I just want to know this: Here is a \$500,000 ship that the Government has bought in normal times. What I want to know is what the Government ought to get from that ship in the way of returns, to provide for insurance, profit, and depreciation, as nearly as you can give it.

Mr. GIBBONEY. Of course, my proposition was 6 per cent net; that is, we would pay the Government 6 per cent net.

Mr. SAUNDERS. You would take care of the insurance?

Mr. GIBBONEY. We would take care of the insurance.

Mr. SAUNDERS. Over the 6 per cent?

Mr. GIBBONEY. Over the 6 per cent.

Mr. SAUNDERS. And give the Government 6 per cent?

Mr. GIBBONEY. Yes, sir; and give the Government 6 per cent.

Mr. SAUNDERS. That presents a concrete proposition.

Mr. GIBBONEY. Six per cent net.

Mr. CURRY. Do you not figure off as depreciation 3 per cent for the first 10 years, and 5 per cent thereafter, on a new ship?

Mr. GIBBONEY. I think that is customary, for the shipowner.

Mr. CURRY. I think that is just what the judge is trying to get.

Mr. SAUNDERS. If you are going to take care of depreciation, you would have to pay that to the Government?

Mr. GIBBONEY. Certainly.

Mr. SAUNDERS. How much would that be?

Mr. GIBBONEY. From 3 to 5 per cent.

Mr. SAUNDERS. Say, 4.

Mr. GIBBONEY. They usually figure the first 10 years at very much less than that.

Mr. SAUNDERS. Then you would have to pay the Government 10 per cent.

Mr. GIBBONEY. Yes. Our proposition is to give the Government 6 per cent net on the amount of the investment.

Mr. SAUNDERS. And then you to take care of the insurance?

Mr. GIBBONEY. We would take care of the insurance and take care of the depreciation.

Mr. SAUNDERS. That is what I am trying to bring out.

Mr. GIBBONEY. I have nothing further to say, gentlemen, except I read last night, coming down on the train, a letter which was said to have been written by the chamber of commerce to the committee here, and I just wanted to make a few comments on it. In the first place:

The chamber further submits that American shipbuilding yards are unable to accept orders for the construction of vessels of sufficient size.

That is not true at all.

The CHAIRMAN. They just have in mind these big yards. If you will turn to page 41 of the hearings, you will find a list of 40 or 50 yards in the United States that are building ships.

Mr. GIBBONEY. I have no doubt about it, that a great many of the largest shipbuilding yards are filled, but there are a great many shipbuilding yards—I do not say there are a great many, but there are some, which can take orders for ships to-day. I know I represented the Seattle Dry Dock and Construction Co. in the matter of closing a contract in New York in December for eight boats. That is a company that has built boats for the Government.

Now, I want to comment on this statement, and that is all I have to say:

The chamber does not believe that a subsidy assuring a profit to owners of American vessels in foreign trade is necessary.

I do not think these gentlemen had their sense of humor—that it was not working—when they wrote that, because I read in the same paper, the Journal of Commerce, the text of a bill which is said to be a bill by the chamber, introduced by Congressman Rowe, and if that does not provide for subsidies, I do not know what a subsidy is.

The CHAIRMAN. I am having figured out just what that would cost the Government annually.

Mr. GIBBONEY. What is that, sir?

The CHAIRMAN. I am having that figured out. On its face it appropriates \$100,000, but I expect it would take \$10,000,000 to carry it into effect.

Mr. GIBBONEY. It is just a pure subsidy figured, in the first place, on the difference in cost here and abroad. I do not think it would be possible to determine that to any degree of accuracy. As to the cost of operation of the boats now in existence, that would be very difficult to figure out. That is a pure subsidy on operation and construction, and nothing else. And yet they say the chamber does not favor subsidy.

Mr. LOUD. You think a loan provision in the law would be desirable?

Mr. GIBBONEY. I do.

Mr. LOUD. What proportion of the value of the boat?

Mr. GIBBONEY. I would think, as a safe business proposition, the Government ought not to lend over a third or a half.

Mr. LOUD. At what per cent?

Mr. GIBBONEY. That could be left to the discretion of the shipping board, as the shifting price of the money changed, or it could be

fixed at the regular amounts men would be willing to pay, between 5 and 6 per cent.

Mr. LOUD. That would have to be determined then?

Mr. GIBBONEY. I venture to say, if you put it in here at 6 per cent, you would find the money gobbled up.

Mr. LOUD. Would that be secured by insurance upon the boat?

Mr. GIBBONEY. Yes, sir; secured by full insurance on the boat, just as you would in the ordinary loan or mortgage on a house—you have the mortgagor protect you in every way. And then I think most shipbuilders would be willing to have a provision added that the Government could take over that boat as a naval auxiliary.

Mr. LOUD. The boat to continue, of course, under American registry?

Mr. GIBBONEY. And just one more point, and that is the bill ought to be changed as to the price at which the boat is taken over after a loan by the Government. The private individual ought to be safeguarded. It seems to me that a better provision than the provision in the bill would be for the United States district court to determine in any particular case, what was the fair value of the line which the Government took over for a naval auxiliary, rather than to leave it to the shipping board.

Mr. LOUD. If you had a shipping board of five, would not that be competent and ample?

Mr. GIBBONEY. I do not think five would be any better than three.

The CHAIRMAN. You would be better off as lawyers to have it go into the courts, but I do not think it would be of advantage to the people.

Mr. GIBBONEY. You might let the shippers agree upon it, or let the Government and the lessee agree, and if they could not, then there should be some separate tribunal to pass upon it. From the standpoint of the people putting their money into those corporations, they would like to feel they are going to get their money back, and they would feel safer if the United States district court would pass on this question, rather than the board itself. I know in the public land bill before the Senate that there is such a provision, that those leases may be taken over and the recapture of those leases is by the district court of the United States. And I think most people would feel safer in putting their money in. I have no doubt the shipping board would treat the lessees fairly; but if they could not agree, it seems to me that the United States district court can more safely proceed.

Mr. GREENE. Did you refer to the steamer *Lansing* in one of your boats?

Mr. GIBBONEY. Yes, sir; the steamer *Lansing*.

Mr. GREENE. What is that, a wooden vessel or an iron vessel?

Mr. GIBBONEY. I do not recall for the moment. I know we bought a boat by the name of *Lansing*, but I do not know what the boat was.

Mr. GREENE. Do you know what her age is?

Mr. GIBBONEY. No; I do not know anything about that.

Mr. GREENE. Can you furnish that information and have it put in the record?

Mr. GIBBONEY. I will be glad to furnish to this committee a list of all of these boats and give their records—14 of them.

Mr. GREENE. I would like to have the information whether it is a wooden vessel, a steel vessel, or an iron vessel, and how old a vessel it is.

Mr. GIBBONEY. Yes, sir.

Mr. GREENE. And how it rates.

Mr. GIBBONEY. I will furnish you a list of the whole 14.

The CHAIRMAN. I do not know why it would be of interest, but if you want it we will have it.

Mr. GREENE. I would like to have it. I want the light shown.

Mr. GIBBONEY. I will give a list of the whole 14.

• Mr. GREENE. This gentleman has talked pretty fast; but he has not talked directly, and I would like to have the facts.

Mr. GIBBONEY. If there is any question you want to ask me I will try and answer it.

Mr. GREENE. I have asked you that question and you say you can not answer it.

Mr. GIBBONEY. I can not.

Mr. GREENE. I ask you to furnish it for the record.

Mr. GIBBONEY. I will do so gladly.

Mr. GREENE. And you said you would also do so in regard to the others.

Mr. GIBBONEY. Yes, sir.

Mr. GREENE. I would like to have it.

STATEMENT OF MR. JOHN H. FAHEY, OF BOSTON.

Mr. FAHEY. I am engaged also in business in Worcester, Mass., and am a newspaper publisher.

The CHAIRMAN. And until recently—

Mr. FAHEY. President of the Chamber of Commerce of the United States. My term has just expired and I have been succeeded by Mr. R. G. Rhett, of Charleston.

In the first place, I would like to make a statement concerning the referendum of the Chamber of Commerce of the United States on the so-called ship purchase bill, as it was before Congress last year. At a previous hearing Mr. W. H. Douglas, of New York, a member of our committee on merchant marine, appeared and made a statement with reference to that action of the national chamber. Unfortunately I received no notice of that hearing and it was not possible for me to be present. I observe in going through the record of the hearing that a few questions were raised by members of the committee as to how the vote of the Chamber of Commerce of the United States is polled on the various questions submitted; and I would like to make an explanation of that for the benefit of the members of the committee. In the first place, I observe that questions were raised as to how the constituent organizations in the membership of the national chamber reach their conclusions on these referenda. As to that I would like to say that the method of action is determined by the by-laws or the constitution of each organization. They act on the referenda in various ways. Some under their laws act in meetings of their membership; others by mail referenda on the various propositions submitted by the national chamber; others through a committee; and others through boards

of directors, where the board has the power of acting for the membership. And so action was taken on this particular referendum by different methods. We have prepared here a summary of the action for all the organizations in the country which voted on the subject; and we would be very glad to leave it with members of the committee to look into in any way they see fit.

I think it is unnecessary to take much of your time by going into the details, but, in a few words, the summary shows, in connection with this referendum, that of the organizations voting 15 determined their attitude by a ballot in open meetings of the membership without a previous committee report, 24 had a report from a committee and then passed upon it in open meetings of the membership, 24 submitted it to a mail ballot, 71 acted through their directors or governing boards, 62 acted through a governing board after a report from a standing committee, 8 acted by the governing board alone, and 7 acted through the officers who were empowered to act.

There is, as I say, a complete summary, which shows also the number of members in the organizations in each case.

As to this system of referenda, I would like to say, gentlemen, that this particular one is the ninth submitted by the Chamber of Commerce of the United States. This system has been adopted in our country—

Mr. GREENE. Mr. Chairman, I would like to have the statement that Mr. Fahey has referred to incorporated in the record.

The CHAIRMAN. Suppose we wait until he gets through with his verbal statement, and I presume that is what he is going to ask to have done.

Mr. FAHEY. That is for the determination of you gentlemen; it is here for such use as you desire to make of it.

The CHAIRMAN. I think we would like to have that go into the record, unquestionably, as Mr. Rosenthal made such criticisms of the acts of the chamber of commerce.

Mr. FAHEY. The only charge is this, that Mr. Douglas said that they were speaking for the people of the United States—

The CHAIRMAN. I was not speaking of Mr. Douglas; I was speaking of Mr. Rosenthal. Mr. Douglas was asked how the sentiment of the various chambers of commerce was obtained, and he did not know, and now we are getting the concrete information as to how that was done. I agree with Mr. Greene that the statement should be inserted in the record.

Mr. FAHEY. I do not wish to go into detail too much, and I hope you will stop me at any point if you think I am, because I realize you have many gentlemen here to be heard.

The CHAIRMAN. You are giving the information now that we could not get from Mr. Douglas because he did not have it. It was no fault of his.

Mr. FAHEY. The plan of getting the sentiments of the business men of the country by this method on business questions is something that has been developed more largely in our country in the last two years than ever before. Similar methods have been employed in European countries, notably Germany, France, and Switzerland, but theirs are more informal.

The chambers' plan has been this: First, to submit a given question to a committee chosen as carefully as possible to represent the

different points of view of various sections of the country; men having information concerning the subject. That committee makes its study and presents its report to the board of directors. The board of directors may accept the report or suggest changes or suggest further consideration of different phases of it. When the report is completed, then it is, under the direction of the board, sent out as a referendum in printed form.

In the referendum, no matter what the report of the committee may be concerning the question under discussion, it is the rule of the chamber to undertake to present to its membership both sides of the question as thoroughly as possible. In this particular instance, the merchant marine bill of last year was presented at the membership meeting in the chamber in February, 1915. A large part of one day was given to its discussion in open debate. The explanation of the Government bill was made by Secretary McAdoo at length, and criticisms of its features were made by Senator Burton, following which the whole question was thrown open to debate by members of the chamber. There were some 600 authorized delegates in attendance at that time from all parts of the country. The determination of the meeting was, however, that there should not be hasty action, and that all the organizations of the country should have full opportunity to pass upon the question, and it was ordered sent to a referendum. It was sent in the form in which you see it. In addition, however, the complete argument of Secretary McAdoo and the complete argument of Senator Burton accompanied this document.

When a referendum goes out to the organizations, each chamber has 45 days to pass upon it. In a great many instances the organizations request additional copies of the referenda which we furnish, and they are circulated to the extent of some thousands among these organizations. In many instances the referendum will go to a committee, to the merchant marine committee or a special committee of the organization, which submits a report to the directors, and as I have pointed out in some of the organizations the directors are empowered by the by-laws to pass upon these reports. In other cases the report will go to the membership. The record here shows how this particular referendum was disposed of.

When these votes are polled and brought together at the end of the 45-day period, a chart is made showing every organization of the country voting on each of these projects. These charts are printed and copies of them are available for the members of the committee, in addition to recording its ballots in this form, any organization which wishes to present any point at variance with the ballot has a full opportunity of incorporating its suggestions in returning its vote. So you will find on the last pages of this chart independent opinions concerning phases of the bill expressed by many of the organizations.

I would direct your attention to the details of this referendum. You will see that it presents the report of our merchant marine committee and a minority report, a summary of the arguments for and against the principles involved, a summary of the history of the American registry and American shipping, also the ship-purchase bill itself in full, as well as the bill presented and worked out last

year concerning possible regulation, merely as an example of the scheme of regulation.

The chamber voted on certain very definite things here, aside from the ship-purchase bill itself.

First. Do you favor the Government undertaking the purchase, construction, and charter of vessels for mercantile purposes, together with the operation of such vessels? The vote was 89 in favor and 690 opposed.

Second. Do you favor ownership of merchant vessels by the Government, but with operation by private parties under leases, the vote being 51 in favor and 713 opposed.

Third. Do you favor subsidies from the Government sufficient to offset the difference in cost between operation of vessels under the American flag and operation in the same deep-sea trades under foreign flags, the vote being 554 in favor of and 189 opposed.

Fourth. Do you favor a subvention to establish regular mail and freight lines under the American flag to countries in which the commercial interests of the United States are important, and to American dependencies, the vote being 713 in favor and 52 votes opposed.

Concerning the creation of the Federal shipping board, the ballot was 639 votes in favor and 116 opposed.

On the question of Government subscription to stock in a marine-development company the vote was 416 in favor and 314 opposed. That particular one failed to pass, for under the by-laws action must be taken by a two-thirds vote to be binding on the chamber.

As to the ocean-mail law of 1891, that it should be amended, reducing the speed of ships from 16 to 12 knots and by making the compensation adequate to permit the establishment of steamship lines carrying both mail and freight, the ballot was 692 votes in favor and 78 votes opposed.

On the question of legislation abolishing rebates and providing for supervision of rates by the Federal shipping board the vote was 601 in favor and 130 opposed.

That Federal licenses should be taken out by lines, domestic and foreign, engaged in shipping between ports of the United States and other countries the vote was 610 in favor and 120 opposed.

That referendum, gentlemen, in the detail of its submission and in the form of its presentation was as complete as it was possible for our board of directors to devise. That there may be defects in it we realize. Almost anything can be criticized. But the endeavor of this organization has been, as thoroughly and as democratically as possible, to get a free expression of the opinion of the business men of the country in every one of our States.

The CHAIRMAN. Right at that point, Mr. Fahey, how many subsidiary organizations—that is, constituent bodies—of the Chamber of Commerce of the United States voted on the question?

Mr. FAHEY. Two hundred and eighty-two organizations voted on this question.

The CHAIRMAN. And how many organizations are there of constituent bodies in the Chamber of Commerce of the United States?

Mr. FAHEY. At that time there were 575 qualified to vote; 282 took action upon it at that time. At the present time the membership is something over 700.

The CHAIRMAN. On the fourth question: "The committee recommends that there should be legislation abolishing deferred rebates and providing for supervision of rates by the Federal shipping board, with requirements for filing with the board schedules of rates and all agreements among over-sea lines," I believe you said the vote was 601 in favor of the recommendation, and 130 opposed. In this referendum you submitted the text of a bill I introduced in the last Congress to regulate rates. It refers to that legislation, does it?

Mr. FAHEY. In general terms, yes; not specifically.

The CHAIRMAN. I understand.

Mr. FAHEY. The committee did not set that forth as a matter for the membership to pass upon.

The CHAIRMAN. But just the general proposition?

Mr. FAHEY. That bill was an illustration of the principle. It was the general principle on which the chamber voted, and not on the details of the bill, because the bill was not up for consideration at that time.

If there are any questions which members of the committee would like to ask concerning the method of the submission of this referendum, or polling the vote on it, I would be very glad to answer, so far as I can.

The CHAIRMAN. Mr. Greene suggested that you make your referendum a part of the record.

Mr. FAHEY. Yes.

(The referendum and summary offered by Mr. Fahey will be found at the conclusion of his remarks.)

Referring to the chairman's question of a moment ago, he spoke of a statement by Mr. Douglas concerning this referendum, when he was before the committee, saying that it represented the views of the people of the United States. I take it that must have been a slip of the tongue on the part of Mr. Douglas, for we are not pretending, nor have we any right to claim, that this action by referenda in the Chamber of Commerce of the United States goes quite that far. It represents, we claim, the views of the business men of the United States, and so far as they may be consistent with those of the people as a whole, the referendum reflects popular sentiment, but that it represents the views of the entire population of the United States we do not assert.

The CHAIRMAN. That was a good-natured challenge on my part that Mr. Douglas's idea was rather extravagant.

Mr. RODENBERG. What is the membership of the chamber at present?

Mr. FAHEY. At the time of submitting this referendum there were 582 organizations, representing something like 200,000 business men, firms, and corporations, if my memory serves me right.

Mr. REDPATH. A little over that; about 250,000. Of course, so far as the individual business men are concerned, that would be increased several times, because this membership represents firms and corporations, while the individual membership would be very much larger in most instances.

Mr. RODENBERG. How do you apportion the vote of the membership of each individual organization? According to the number of members?

Mr. FAHEY. Yes.

Mr. RODENBERG. I see some are given 2 and some 3.

Mr. FAHEY. Yes; a minimum of 1 and a maximum of 10. The largest organizations of the country have no more than 10 votes, while the smallest organization may have 1 vote. For example, the Boston Chamber of Commerce, with 5,000 members, and the Chicago Association of Commerce, with much the same, and the New York Merchants' Association, the Philadelphia Chamber, etc., they content themselves with a maximum of 10 votes, while, as a matter of fact, the smaller organizations exercise the larger influence in proportion.

The significant things, I believe, about this particular referendum are in two or three directions. If you have the time to look at it in the detail, you will observe that the consensus of opinion expressed is quite irrespective of the different sections of the United States. For example, on the matter of subsidies and subventions, you will find the interior of the country and the Southwest, as well as the Pacific coast and the East, voting with practical unanimity on that particular thing. I am quite frank to say that I was somewhat surprised at the overwhelming character of the vote in that direction throughout the country.

Mr. HADLEY. Can you state what proportion of the organizations in the country are constituent members of your association?

Mr. FAHEY. Yes. Our present membership is a little more than 700. In the entire country there are about 2,000 organizations of this type. Our analysis of the last couple of years shows that there are not more than 900 to 1,000 of them that are really effective organizations.

Mr. BYRNES. Have you any information as to the manner in which these questions were considered by the constituent organizations?

Mr. FAHEY. Yes; that is presented in this summary here to which I referred.

Mr. BYRNES. What I mean is this. Do you have any information in your reports as to the number of members of the constituent organizations present at the time that it was passed upon?

Mr. FAHEY. In some cases, yes; but in the case of the membership meetings I am not sure that the record includes a statement of the membership present. Does it, Mr. Redpath?

Mr. REDPATH. Not in all cases; it does in a few cases.

Mr. BYRNES. The reason I ask is I think it is the experience of every Member of Congress that he has received resolutions from chambers of commerce on various subjects, and our inquiry shows that it is true, of these smaller towns especially, that the matter has not been given the careful consideration that it ought to receive by them. Of course, I know there are some very live organizations, and then there are some dead ones, where one or two members can control and express the opinion of that organization. What I want to know is, How accurate is this as a basis of the sentiment of these organizations?

Mr. FAHEY. As to that question, in the first place let me say I think you are perfectly right as to conditions that have existed in many instances in the past. As a matter of fact, in my judgment, until within the last 10 years, when a very considerable reform in conditions began in this country our business organizations, as a

whole, were woefully inefficient and their methods were extremely unbusinesslike, and, to a very large extent, their consideration of questions was just what you describe. In the last 10 years, however, there has been a tremendous and very significant reform in these organizations all over the country. They are better organized to-day; they are giving more careful consideration; they are able to employ men as secretaries who have some intelligence and ability; and they are dealing with these things in a very much different way than they ever have. Moreover, this system of referenda emanating from the national chamber has had a most interesting reaction in bringing about more careful consideration than previously. I believe it is absolutely fair to say that these referenda of the chamber are getting really careful and cautious consideration.

This summary shows the organizations which passed upon this matter in meeting; those which previously referred it to a committee, and then to the board of directors, and then to the meeting, and the steps that were taken in each case. You will find on investigation that a very large proportion of them went about the thing very carefully.

Mr. BYRNES. Where is that information you refer to?

Mr. FAHEY. We have just a few copies, which I will leave with the committee, summarizing that whole matter. Moreover, it also takes each one of the cities and explains how each voted upon the matter, giving a statement of all the cities voting and of all the organizations voting, and showing how the action was taken in each case.

Mr. SAUNDERS. Are you, or have you been, in the shipping business?

Mr. FAHEY. No, sir; not in any respect. I have no business interest in shipping business, and my knowledge of this subject is simply that of an ordinary citizen interested in public affairs, who has heard it discussed for a great many years by men in different sections of the country, as well as some on the other side of the Atlantic.

As to the bill at present before the committee, concerning which it has been suggested that I might express an opinion, I would like to have it very clearly understood that in anything I may say about this bill I am in no sense expressing the views or the opinions of the Chamber of Commerce of the United States, for I have no authority to do that, nor has anybody else. The new features of this particular bill are now before the Chamber of Commerce of the United States, and until they have been submitted to referenda and voted upon no official of this chamber has any right or authority to say what the attitude of the Chamber of Commerce of the United States is. However, there are certain principles incorporated in this bill which were likewise passed upon in the referenda of the chamber, and concerning those the view of the chamber is reasonably clear.

As to some of the new principles, the annual meeting and the last meeting of the board of directors reached the conclusion that when the bill itself was a little further advanced and it was reasonably clear just what its provisions would be the chamber would be prepared to submit it to a referendum if it seemed advisable. As to any personal views I hope you will clearly understand that I am not expressing them as an expert in the shipping business, or as an expert on the subject as a whole, but merely one somewhat familiar

with the discussion of this thing for years, and who has heard a good many views expressed on it in the course of the last two years.

Referring to the present bill as a whole, it is my opinion that among business men generally there can be no sound or substantial objection to a bill providing for the building of naval auxiliaries or a naval reserve intended for the service of the United States Navy. Indeed, business men can see readily that the Navy, without sufficient supplemental transportation to take care of coal and other supplies, is not an efficient Navy, and they would hardly expect it to be maintained at sea for any length of time unless it was enabled to get the proper supplies. Therefore, as a broad matter of efficiency in operation, I am sure the business men would see the necessity for ample naval provision.

As to the second principle involved here, if the Government is going to build all these ships for that purpose, it is common sense to utilize them under conditions of peace, by employing them in any other practical way. That is a sound business proposition. In general, the expressions of opinion that I have heard among business men are those of apprehension as to the effect of some features of this bill; the fear that they may be detrimental to the present movement for a general upbuilding of the American merchant marine.

I believe, as a result of the thought on many subjects which has been animated by this war, not only the business men of the country but the people as a whole, have been thinking more seriously of a merchant marine and been giving more attention to it in the past 18 months than they had in the previous 18 years, and their views are undergoing some change. I believe that whereas years ago we were interested in the operation of a merchant marine for many years, perhaps the last 40 or 50 we have been so absorbed in domestic developments and have found such substantial returns on investments of money in enterprises here at home that we have not thought much about the development abroad: we could make more money at home. Aside from that, our whole foreign trade averaged less than 5 per cent of the domestic trade, and, according to some authorities, less than 2 per cent; and under those circumstances we were not thinking very much of foreign trade. Nevertheless, I am one of those who believe we have needed to push foreign trade for nearly 30 years now, and need it to-day more than we ever have, and need it even more for the future. If we are going to have it and going to maintain it we must have a sufficient merchant marine to carry a large part of it at least.

If that be so, the fundamental question involved in this legislation, it seems to me, is whether the limited number of ships which may be provided on the basis of this appropriation is going to advance substantially the evolution of a merchant marine important enough to serve our needs. According to experienced shipping men, not more than 50 to 75 vessels of substantial size would be provided by an appropriation of \$50,000,000. And, if advantage were taken of the terms of the bill to organize corporations, and those corporations entered into the operation, let us say, for example, of lines to South America, it is more than likely—indeed, it is extremely probable—that such corporations would have to incur substantial losses for a considerable time before those lines would be on a paying basis. If that is a

fair contention, then the number of ships available for the \$50,000,000 would be still further reduced, because a part of that \$50,000,000 would go to make up losses in operation.

As against that argument, however, the question is whether the extraordinary conditions, with the opportunity for the United States to go into the shipping business as it has never had before, and probably never will have again in the history of the world—let us hope we will never have the opportunity again under similar conditions—is it not sound statesmanship and good business to do everything we may reasonably expect to do in an emergency to encourage the building, not of 50 or 75 ships alone, but of the 2,000 or 3,000 ships that we need for our trade? And, if so, how may we do that?

Under present conditions, private enterprise, stimulated by extraordinary profits, is going into the shipping business pretty rapidly in this country. It is likewise going further into it in some other countries. It is paying high prices for vessels, the wages are high, and everything in connection with the investment has gone up tremendously in price. But all wise business men know that is a temporary condition, and the question is what is going to happen after the war is over. If we turned loose to-morrow and built day and night, with all the shipyards that we have at our disposal, great and small, in the United States, I believe it is a fair statement to make that the next two or three years could not begin to produce the number of ships needed here and that we ought to have for a long time in the future. Therefore, one question involved is how to stimulate a larger building program than that, even, and on what basis can we encourage the shipbuilding industry to extend its facilities so as to turn out more ships—what encouragement may we offer to private enterprise, at the same time the Government is going forward on this program, to provide us the ships that we need. That is the question I find being raised by business men generally as to this particular bill. The building of a certain number of ships to act as a reserve, which will develop the standardization of types and promote efficiency in building and in operation may prove a valuable contribution as a result of this bill. Moreover, it is a beginning, and we need to start our plans for a real merchant marine soon. But what of the larger field of the hundreds of ships that are needed if we are going to be able to transport our goods, in our own bottoms, as we should be able to do.

So far as the National chamber is concerned, to a very surprising extent, irrespective of section and political affiliations, the business men who voted on this subject have expressed the opinion that, in the last analysis, only some system of subvention or subsidy fairly devised, will finally meet the difference in cost of operation between ships of our country and those of other countries. We know perfectly well under present conditions, that the cost of building on the other side is probably as high as it is in this country, and, in some instances higher. And not only that, but in a great many foreign ships, the wage cost to-day is as high as on our ships, and possibly higher to some extent. I won't pretend to say how far that is true, because I am not informed. There are other gentlemen here who can give you information on that point. But it is undoubtedly true, to a certain extent. That it is a normal condition, however, few would contend: or, that it will continue long after this war is over,

we can hardly anticipate. The question is, therefore, what of the future—not the temporary care of conditions, or throwing into the sea of a limited number of ships that will help to stabilize rates. Upon that point, in my judgment, it is extremely questionable how far 40 or 50 ships may affect the rates of thousands of ships, particularly with tremendous demands on their resources. In a few words, therefore, the question is not what we may do for the time being in stimulating greater efficiency, in providing resources for our Navy, but beyond that what may we do now, under present conditions, to lead to the upbuilding of a real American merchant marine, such as the country needs.

As bearing upon that point, I believe that the feature in this bill providing for the creation of a shipping board, which will go into this subject and undertake to look ahead, reporting to Presidents and Congresses the effect of changing conditions, is a real contribution to the situation. As matters stand at present, it may be very difficult indeed, if the country were read to act to-morrow, to devise a system of subsidies that would be equitable and that could be fairly adjusted; but that such a board can look ahead, and in the near future, be able to make suggestions, is quite probable.

Now, as to some other details of the bill. The provision for membership on the board of the Secretary of the Navy and the Secretary of Commerce is criticized by business men as being unsound. I think there are reasons which have not been advanced generally why the Secretary of the Navy and the Secretary of Commerce should not be on that board. My opinion is that our Cabinet officers are being constantly called upon to act on just such things as this, when they have not the time to attend to the regular business of their offices. As I have come in contact, as a business man, with Government departments, down here, I am particularly struck with the fact that Cabinet members are called upon to administer big business enterprises in each one of these departments without anything like the facilities provided in private business to take care of such enterprises. In the first place, I, for one, do not think you pay your Cabinet officers enough, and you do not give them secretarial assistance enough to sufficiently handle the enormous volume of business that has to pass over their desks every day. To put further burdens on them, by placing them on educational boards and particularly on operating boards of this sort, prevents their giving the time and thought that is necessary to important problems of this character. Aside from that, no matter what restrictions there may be, the action of the Secretary of the Navy and the Secretary of Commerce on this board, although as we well know they are in constant touch with marine affairs, because they come within their scope, nevertheless there will always be a certain atmosphere of suspicion about the board and the fear that politics will appear. For myself, I think it would be much better to leave the board at three or even to increase it to five, and not have both these officials serve on it.

The CHAIRMAN. Do you mean to say a board of three or five men, eliminating the Secretary of the Navy and the Secretary of Commerce?

Mr. FAHEY. Eliminating them; yes. If some means might be provided for securing their advice and cooperation, I do not think

there would be any objection. But that is wholly unnecessary, of course, as a provision of law.

The CHAIRMAN. You speak of nonpartisan boards; I never saw one exactly. This ought to be bipartisan, you think?

Mr. FAHEY. I think the bipartisan board better if the question of partisanship can not be eliminated from it entirely.

The CHAIRMAN. So far as possible?

Mr. FAHEY. So far as humanly possible. These boards should be made up of men who can approach this subject from a business standpoint and with some experience in the business.

Mr. BRUCKNER. Broad-minded men.

Mr. FAHEY. Broad minded; certainly.

The CHAIRMAN. How about the salaries?

Mr. FAHEY. I quite agree with Mr. Gibboney. While I recognize the principle on which men are given in the public service lower salaries than the same men would command in private life, nevertheless I think with the constantly rising salaries in business in recent years and higher cost of living of men in public office, particularly in Washington, that it is time for the Government to be a little more liberal in respect to salaries. I do not think we have a right to ask men to come down here and sacrifice life opportunities at low salaries when they can command very much more under private conditions.

Men are expected to make sacrifices to serve the State, and it is a fine thing to encourage, but the Government nowadays is often asking too much sacrifice. I think we would do much better if more liberal salaries were paid for work of this sort.

Mr. BYRNES. Do you think the presence of the Secretary of the Treasury on the Federal Reserve Board has made it a political board?

Mr. FAHEY. Oh, no; I would not say that at all.

Mr. BYRNES. Do you think Cabinet officers would be any more partisan than the average business man?

Mr. RODENBERG. He is objecting to the fact that they could not give attention to it.

Mr. BYRNES. I understood him also to say it would give a political aspect to it.

Mr. FAHEY. I think, irrespective of what the facts may be, that the public is almost sure to hold that impression. The Cabinet officer after all is a leader of the administration in power and is interested in the success or failure of that administration. He is looked upon as a party leader, and it is very difficult for anybody to differentiate in matters of this sort.

Mr. BYRNES. Do you think that the public holds that idea as to the presence of members of the Cabinet on the Federal Reserve Board?

Mr. FAHEY. There is only one member of the Cabinet on the Federal Reserve Board, and that is a board very much larger than this.

Mr. BYRNES. But they do hold that idea as to that one member, do you think?

Mr. FAHEY. I would not say that; no.

Mr. BYRNES. If they do not hold it as to that one member, what reason do you think there would be for holding it as to members on this board?

Mr. FAHEY. In this case, on a board of five, two at the outset would be members of the administration of definite political affiliations, and one more man of the same party affiliation gives political control to that board at once. Now, I am not pretending——

Mr. LOUD. The Interstate Commerce Board has none.

Mr. FAHEY. They do not have what?

Mr. LOUD. They have no Cabinet officer on it. This would be similar to it, would it not?

Mr. FAHEY. I should judge so. Let me say as to that phase of the matter I am only reflecting views I have heard frequently expressed in the country in the last year and a half. There are many who contend that, if the Government goes into this business through the organization of corporations to operate ships, it is going to be almost impossible to prevent pressure on that board from the various ports which have very highly developed local prejudices and jealousies.

Galveston, New Orleans, Jacksonville, Seattle, Norfolk, Newport News, Baltimore, Philadelphia, Providence, and Boston, and most of the rest of them think they have the finest harbors in the United States, and are entitled to all kinds of opportunities which they are not getting to-day. As a matter of fact, under the present conditions in reporting the statistics of these ports, the Department of Commerce is in hot water frequently because of port rivalries. There are many who claim that it is likely to be very much more violent when the Government must say from what ports its ships shall sail. In the minds of many the idea of eliminating any possibility of charging political influences in the composition of this board is very important.

The CHAIRMAN. Right on that point, Mr. Fahey: If the Secretary of the Navy were eliminated, there is to my mind a reason why I thought the Secretary of Commerce might logically remain on the board, and that is, that the Department of Commerce has the supervision of our Steamboat-Inspection Service and the Bureau of Navigation is now under the jurisdiction of that department. Formerly they were under the jurisdiction of the Treasury Department. If he should be eliminated from the board, of course those two bureaus, the Bureau of Navigation and the Steamboat-Inspection Service, should also be transferred to this board and under their jurisdiction.

Mr. FAHEY. I would say, Mr. Chairman, I believe if this board is created and goes ahead that ultimately it will be found logical and consistent to transfer these services to the jurisdiction of this board.

The CHAIRMAN. Should it not be done directly?

Mr. FAHEY. Possibly not——

The CHAIRMAN. I say it should not be done directly if you compose this board of five members, eliminating the Secretary of the Navy and the Secretary of Commerce from the board? Should you not provide then that they should take over these two bureaus?

Mr. FAHEY. I think it is a much better organization as a matter of efficiency in business.

The CHAIRMAN. I think that that would be the proper thing to do if the Secretary of Commerce is eliminated from the board.

Mr. FAHEY. Yes. In section 4 the board is authorized to charter, lease, or sell, purchase, etc., to any corporation, firm or individual. I wonder of the committee has in mind making some provision which would insure American control of such corporations, that the majority stock of such corporations should be owned by American citizens if such a provision is to remain in the bill? Without that it would be possible for foreign corporations, I take it, domiciled in the United States—I mean foreign-owned corporations that are here domiciled—to come under the provisions of this section.

Mr. LOUD. Would it be possible to enlarge the scope of the Panama Steamship Co. to take over that part of the design of the bill?

Mr. FAHEY. I could not say; I am not familiar with that.

Mr. LOUD. They are organized and have the machinery for carrying on the business.

Mr. FAHEY. Yes. At the end of section 4, to return to the Government control of a ship leased or sold, as it stands, it is to be taken over at such fair market values to be determined by the board and approved by the President. I assume generally that would be regarded as a fair provision; but the weakness of it is that there is no power of appeal upon any hand. In practice the board would really settle the price and will be quite human and anxious to make as good a record as it can in its operations. This opens the door to injustice to those who are obliged to turn back the ships at a valuation to be determined by the board alone. It is a detail that it seems to me might be strengthened by some power of appeal or by providing for a board of appraisers or a board of arbitration.

There is another sentence, at the end of that, that when ships are sold at public auction the money received therefrom shall be covered back into the Treasury of the United States. I assume that that would definitely reduce the sum of money at the disposal of this shipping board and that that is the intention of this committee.

Mr. EDMONDS. No; the chairman notified us the other day that a committee amendment would be offered that this money would be turned back to the shipping board for it to be used over again.

Mr. FAHEY. I see.

Mr. HADLEY. It would be a sort of a revolving fund.

Mr. FAHEY. Under section 6, near the bottom, it says—

and hereafter no vessel registered or enrolled under the laws of the United States shall be sold to any person, firm, or corporation other than a citizen of the United States.

Is that intended to mean vessels which come into the registry hereafter, or from the time of the passage of this bill, and not that ships now under American registry shall be sold? It would seem a little doubtful as to its language.

Mr. EDMONDS. I understand from that section, Mr. Fahey, it means that any ship that is hereafter registered.

Mr. FAHEY. That comes into registry hereafter.

Mr. EDMONDS. Any ship that comes into registry hereafter could not be sold to foreign parties without the consent of the board. It does not make any difference whether it comes in as a ship purchased by this board, constructed by this board, or anything like that, that does not enter into it, but any ship which comes under the United States registry.

Mr. FAHEY. It does not operate as to ships at present under American registry?

Mr. EDMONDS. Yes; they can not get a change of registry afterwards.

Mr. FAHEY. Is that not a little bit ambiguous?

The CHAIRMAN. It is not as clear as it might be, but the intention was to make it apply to those under registry as well as to those which might hereafter come under American registry.

Mr. FAHEY. As to that, I have heard some debate on it to the effect that if it is meant to apply to ships now under American registry it is unjust. If it applies to ships which may come under American registry later it might be considered as fair, as those ships hereafter coming under American registry would do so under notice that they must incur that possible penalty. But as to ships which have been placed under American registry and are now under that registry, after the war if there should be a tremendous slump in the shipping situation and they would be operating at a loss, that they might not have an opportunity to dispose of their property would certainly be argued by many as a very serious injustice.

The CHAIRMAN. I will say that that provision was inserted in the bill in view of the action of the foreign Governments. I think all of the principal maritime nations of the allies and the central powers of Europe are providing some form of degree that their ships can not be transferred to foreign registry. But that whole question, of course, when the bill comes up for consideration in the committee, will be thoroughly considered in view of the suggestions you make.

Mr. FAHEY. I do believe, in justice to the owners and operators and as a matter of fact as bearing upon the thing most needed at present, an incentive for others to go into the shipping business, that it is a matter which should be seriously considered by the committee.

The CHAIRMAN. That is a feature, however, that was suggested at that time. You take those ships under foreign flags that applied for registry under the American flag and were admitted under the registry act of August, 1914, they have been such large gainers by doing so it would look unfair for them, just as soon as the danger passes, to go back under the foreign flag; in other words, to seek the protection of the flag of their own country when threatened and to enjoy the magnificent profits, and then, just as soon as the danger passes, to go back under the foreign flag. That has been urged as a reason why they ought not to do it, whether there is any provision of law for it or not.

Mr. FAHEY. I appreciate the force of that. Of course, however, as business men, the thing that stimulated the transfer to the American flag was the safety and profits under the present conditions. They would have been under the American flag years ago if there was the same opportunity for profit, in addition to safety, and they will stay hereafter if those conditions exist.

The CHAIRMAN. If the German cruisers had not been active on the Atlantic and Pacific I imagine they would not have come under the American flag anyway.

Mr. FAHEY. Yes.

Mr. CURRY. That provision is not prohibitive, is it?

The CHAIRMAN. I suppose the shipping board would not require a corporation to keep vessels under the American flag where it would not be profitable to do so.

Mr. CURRY. The shipping board may grant permission to do so.

Mr. FAHEY. Yes; that is true.

Mr. CURRY. I hope they would not, but they might.

Mr. FAHEY. They might. But the thing that is of some importance at this stage of the game is its effect upon those who are encouraged to build and operate now, as to where they are going to be afterwards; because nobody can put money into the shipping business to-day without realizing what a speculation it is, and without considering what the results are going to be.

I would like to point out, too, in reference to the action of other countries, that it was animated largely by two things: One, by the condition of war and a desire to retain control of all of their own vessels; and, two, the consideration of taxation and the attempt to remove vessels from levy. We would do the same thing under similar conditions, of course.

As to section 8, its certain operation is, of course, one of the particular phases of this bill concerning which business men are critical; and if the committee is able to devise any way by which the possibility of continued competition of Government-owned ships with privately-owned vessels can be removed, and still make the act workable, I am sure it would be regarded with much greater approval by business men.

Section 9, as to the determination of rates which are just and reasonable, I think that is a little at variance with the method of operation of the interstate commerce act, in that railroad rates are filed by the carrier and are then passed upon by the commission. I understand that here it is contended in order to secure the quick action necessary, it would not be practicable to go through the steps of filing a rate, providing for a hearing, etc. That is not likely to be necessary. Nevertheless, there is apprehension concerning the provisions here, and the question is whether it is not possible to modify the plan if this feature of the bill is retained.

In the last part of section 9, concerning the report of the board to the President and to Congress, toward the end it says "to gather and report." I would like to suggest that the committee consider inserting there the words "from time to time" to convey the idea of continuous action in that direction.

Again, as to the various details of the interstate commerce act, it is, of course, frequently urged, as you gentlemen know, that it is undesirable to incorporate in any law blanket legislation including another act in its entirety, because it is rather confusing. I believe the committee should seriously consider whether the phases of the interstate commerce act which are intended to apply ought not to be specifically set forth. I am not sure, for example, whether the bill providing for the valuation of railroads is an amendment to the interstate commerce act or a special act. My impression is that it is an amendment. If that be so, I assume it would also be included in its entirety in this bill. I do not know whether that is intended

There are other features worthy of incidental discussion, but I have already taken so much of the time of the committee that I think it is unfair for me to impose longer. In general I believe we should not permit further delay in taking some step toward solving the merchant marine problem, and that this bill has many promising features. I see no reason why defects brought out in these hearings can not be cured and a workable measure agreed on. It is at least a beginning, and we need to begin.

Mr. GREENE. Is that included in your statement—what you referred to as the other matters?

Mr. FAHEY. They are not of any great importance, Mr. Greene. There are two things I would like to say, however, while I have the attention of the committee, if I may be permitted, in view of the testimony of Mr. Gibboney. One is, the suggestion of Mr. Morse's company paying the Government 6 per cent on ships. I should think if Mr. Morse's company is making the extraordinary profits reported, and there is any assurance of their continuance, that the public might be interested to advance the money. But if the public is unwilling to advance the money to Mr. Morse on a 6 per cent basis, I should think it extremely doubtful if the United States would want to put its property in his control on a 6 per cent basis.

Moreover, it is stated that Mr. Morse's company is prepared to construct nine vessels now. If the company is really prepared to build those vessels now, in view of the 170 per cent profits, I should think they would be building them without waiting for any action by the Government or anybody else.

Mr. ROWE. Mr. Chairman, I have just learned that one of the gentlemen from New York is leaving to go South on the 2 o'clock train, and I wonder if we could not hear his statement now.

Mr. CURRY. I would like to ask Mr. Fahey one or two questions, if there is no objection.

You stated, Mr. Fahey, you believe that this shipping board should be a board of experts.

Mr. FAHEY. Yes; should be a board of practical business men and experts.

Mr. CURRY. Practical business men?

Mr. FAHEY. I would not undertake to say by that, Mr. Congressman, that every member of the board should be a man of practical experience in shipping, for I believe that business judgment in the new problems to be dealt with here is quite as valuable as the other.

Mr. BRUCKNER. A good commercial man, you mean?

Mr. FAHEY. I do; men of business experience.

Mr. LORD. And three out of five.

Mr. CURRY. And this board should take over the duties and powers of the Department of Commerce?

Mr. FAHEY. Of the Bureau of Navigation and the Steamboat-Inspection Service.

Mr. CURRY. Those are now under the Department of Commerce.

The CHAIRMAN. Under the law the only qualification for membership on the Interstate Commerce Commission is that they shall not be interested or stockholders in any transportation company under their control. It is assumed that the President in naming men for

the commission selects them with reference to their fitness, and I assume he would do so in this instance. But if we could prescribe their peculiar qualifications in the bill we would have no objection to doing that, although he might select men of very different caliber notwithstanding.

Mr. CURRY. I have introduced a merchant-marine bill, including those two features, that the commission should be composed of five experts, one of whom is to have practical experience at sea; two having had practical experience in shipping, as importers or exporters, along that line; one to be a naval architect and engineer, and one to be learned in maritime law. I also provide for the transferring of the duties and powers of the Bureau of Navigation and the Steamboat-Inspection Service to this board, and instead of the Government-ownership feature of the bill I have a Government loan. I do not know whether you have seen the bill or not. But do you think that so far as this bill is concerned it would be improved by a board of experts, and that board to have the absolute control transferred to them from those boards of their jurisdiction, so far as shipping is concerned?

Mr. FAHEY. As to the latter feature, yes. As to the board of experts, I think it would depend upon what you set forth as specifications for the experts. I believe that in these Government boards it is very easy to carry too far the qualifications of the type of men who must go on the board. I believe it is desirable to leave that somewhat elastic.

As to this whole question of shipping here, I believe there is one phase of it that must not be lost sight of, and that is that the shipping business is itself a business calling for considerable skill and we do not know too much about the shipping business in the United States to-day. Moreover, even in those countries enjoying a great merchant marine, particularly England, with low rates of wages and all other advantages, there have been a great many failures in the shipping business because of lack of sufficient business knowledge and experience.

Mr. GREENE. It is a business of its own?

Mr. FAHEY. Certainly it is.

Mr. GREENE. Not every man could be picked up off of the streets or even in Congress here, who would be fitted for that work?

Mr. FAHEY. It is one of our great businesses of which knowledge in this country is comparatively limited as compared with our other enterprises.

Mr. CURRY. If we could not get that knowledge from people who have had practical experience at sea, practical experience in shipping, practical experience as naval architects and engineers, practical experience in the maritime law, where would we get them?

Mr. FAHEY. Of course men of the type of which you speak presumably would have knowledge of the business. But my point, however, is that I think it is unwise to make too strict limitations that there shall be one man of one type and another man of another; that you thereby tie up your commissions pretty hard and do not always get the best results.

472 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

(The referendum and summary offered by Mr. Fahey are as follows:)

THE UPBUILDING OF THE MERCHANT MARINE.

REFERENDUM NO. 9, CHAMBER OF COMMERCE OF THE UNITED STATES.

Number of organizations qualified to vote..... 575
 Number of organizations voting..... 282

Summary of organization vote on referendum No. 9.

	Organizations.	Members.
Organizations acting at meeting of membership:		
Local.....	11	1,804
National.....	4	206
Total.....	15	2,010
Organizations acting at meeting of membership after having a committee make a report:		
Local.....	19	11,668
National.....	5	1,072
Total.....	24	12,730
Organizations acting by submitting questions to members for mail ballot:		
Local.....	11	8,706
National.....	16	3,330
Total.....	27	12,036
Organizations for which directors, or a similar governing board, undertook to act:		
Local.....	48	26,240
National.....	23	29,648
Total.....	71	55,888
Organizations for which directors, or similar governing board, undertook to act, but only after receiving report of a committee:		
Local.....	58	60,363
National.....	4	900
Total.....	62	61,263
Organizations for which committee undertook to act, whether committee of the governing board, special committee appointed by the president, or a standing committee:		
Local.....	5	1,473
National.....	3	799
Total.....	8	2,277
Organizations for which the executive officers undertook to act:		
Local.....	5	1,182
National.....	6	3,956
Total.....	11	5,137
Organizations which sent out to membership referendum pamphlets or statements of their own based upon the national chamber's referendum pamphlet:		
Local.....	7	4,766
National.....	5	1,561
Total.....	12	6,326

[Chamber of Commerce of the United States of America, Riggs Building, Washington, D. C.]

JULY 9, 1915. SPECIAL BULLETIN.

REFERENDUM NO. 9.—THE UPBUILDING OF THE MERCHANT MARINE.

During the autumn of 1914 a special committee of the chamber canvassed proposals made in recent years for increasing the merchant marine under the

American flag. A report of this committee was before the third annual meeting of the chamber, which was held in February and which devoted more attention to the methods of promoting the American merchant marine than to any other subject. At the annual meeting it was voted that a referendum should be taken among the organizations in the membership of the chamber.

Accordingly on May 8 nine questions were placed before the membership of the chamber, separated on two ballots accordingly as the questions were based primarily upon issues raised by the report of the special committee or were added by the board of directors of the chamber. Under the by-laws of the chamber the voting closed at midnight on June 22, when 282 organizations had filed ballots. These organizations are situated in 39 States, the District of Columbia, Alaska, Hawaii, the Philippines, Porto Rico, and Paris, France.

In the balloting each organization casts as many votes as it may have delegates at an annual meeting of the chamber. The number of delegates depends upon the number of members in an organization, but in no case falls below 1 or exceeds 10.

The results of the balloting in referendum No. 9 were as follows:

Ballot No. 1.

I. Do you favor the Government undertaking the purchase, construction, or charter of vessels for mercantile purposes, together with the operation of such vessels?	89 votes in favor. 690 votes opposed.
II. Do you favor ownership of merchant vessels by the Government but with operation by private parties under leases?	51 votes in favor. 713 votes opposed.
III. Do you favor subsidies from the Government sufficient to offset the difference in cost between operation of vessels under the American flag and operation in the same deep-sea trades under foreign flags?	554 votes in favor. 189 votes opposed.
IV. Do you favor subventions from the Government to establish regular mail and freight lines under the American flag to countries in which the commercial interests of the United States are important, and to American dependencies?	713 votes in favor. 52 votes opposed.

Ballot No. 2.

I. The committee recommends the creation of a Federal shipping board to investigate and report to Congress regarding the navigation laws and to have full jurisdiction, under the law, in all matters pertaining to over-sea transportation.	639 votes in favor of the recommendation. 116 votes opposed.
II. The committee recommends that the Government subscribe to the entire stock of a marine development company with a capital of thirty million dollars, this company to have authority for seven years to lend, under supervision of the Federal shipping board, upon the security of first mortgages on merchant vessels, taking as evidence of this indebtedness bonds which bear a fair rate of interest and contain provisions for amortization, the development company to guarantee the bonds as to principal and interest and sell them to the public.	416 votes in favor of the recommendation. 314 votes opposed.
III. The committee recommends that the ocean-mail law of 1891 be amended by lowering the speed for first-class steamers from twenty to sixteen knots and for second-class steamers from sixteen to twelve knots, and by making the compensation adequate to permit the establishment of lines of steamships carrying both mail and freight.	692 votes in favor of the recommendation. 58 votes opposed.
IV. The committee recommends that there should be legislation abolishing deferred rebates and providing for supervision of rates by the Federal shipping board, with requirements for filing with the board schedules of rates and all agreements among over-sea lines.	601 votes in favor of the recommendation. 130 votes opposed.
V. The committee recommends that Federal licenses should be taken out by lines, domestic and foreign, engaged in shipping between ports of the United States and other countries.	610 votes in favor of the recommendation. 120 votes opposed.

The attitude of the chamber, under the provisions of the by-laws, can be determined only if two-thirds of the votes on a proposition are cast one way or the other. Consequently referendum No. 9 has defined the attitude of the chamber with respect to all of the propositions stated on ballot No. 1 and all of the recommendations on ballot No. 2 except the second, concerning the organization of a marine development company.

Details of the votes are tabulated on the next page. Notes are added to indicate such definite action as members took in connection with their votes.

474 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Name of organization.	Ballot No. I.								Ballot No. II.									
	I		II		III		IV		I		II		III		IV		V	
	For.	Against.	For.	Against.	For.	Against.	For.	Against.	For.	Against.	For.	Against.	For.	Against.	For.	Against.	For.	Against.
Alabama:																		
Mobile—																		
Cotton Exchange.....	1	1			1		1	1							1		1	
Alaska:																		
Cordova—																		
Chamber of Commerce.....	1		1	1		1	1	1	1		1		1		1		1	
Arizona:																		
Phoenix—																		
Chamber of Commerce.....	3		3				3	3	3		3		3		3		3	
Arkansas:																		
Blytheville—																		
Chamber of Commerce.....	1			1	1		1	1	1		1		1		1		1	
California:																		
Fresno—																		
(a) Merchants' Association.....	1		1	1		1	1	1			1	1		1		1		
Los Angeles—																		
Chamber of Commerce.....	10		10	10		10	10	10	10		10		10		10		10	
Oakland—																		
(b) Chamber of Commerce and																		
Commercial Club.....	6		6		6	6	6				6	6		6		6		
Pasadena—																		
Board of Trade.....	5		5		5		5	5	5		5		5		5		5	
Riverside—																		
Chamber of Commerce.....	2		2	2		2	2	2	2		2		2		2		2	
Sacramento—																		
Chamber of Commerce.....	4			4		4	4	4	4		4		4		4		4	
San Diego—																		
Chamber of Commerce.....	6		6		6	6	6	6	6		6		6		6		6	
San Francisco—																		
(c) Chamber of Commerce.....	10		10		10	10		10	10		10		10		10		10	
Dried Fruit Association of Cal-																		
ifornia.....	1		1	1		1	1	1	1		1		1		1		1	
Shipowners' Association of the Pa-																		
cific Coast.....	1		1	1		1	1	1	1		1		1		1		1	
San Jose—																		
Chamber of Commerce.....	3		3	3		3	3	3	3		3		3		3		3	
Turlock—																		
Board of Trade.....	1		1	1		1	1	1			1		1		1		1	
Colorado:																		
Colorado Springs—																		
Chamber of Commerce.....	4		4	4		4	4	4	4		4		4				4	
Denver—																		
Chamber of Commerce.....	8		8	8		8	8	8	8		8		8		8		8	
Greeley—																		
Commercial Club.....	1		1		1	1	1	1			1	1				1		
Connecticut:																		
Derby—																		
Chamber of Commerce.....	1		1		1	1	1	1	1		1		1		1		1	
Meriden—																		
Chamber of Commerce.....	1		1	1		1	1	1	1		1		1		1		1	
New Haven—																		
Chamber of Commerce.....	6		6		6	6	6	6	6		6		6		6		6	
Lumber Dealers' Association of																		
Connecticut.....	1		1	1		1	1	1	1		1		1		1		1	
New London—																		
Chamber of Commerce.....							1											
Norwich—																		
Board of Trade.....	2		2	2		2	2	2	2		2		2		2		2	
Chamber of Commerce.....							1	1	1		1		1		1		1	
South Manchester—																		
Chamber of Commerce.....	2		2		2	2		2	2		2		2		2		2	
District of Columbia:																		
Washington—																		
Board of Trade.....	6		6	6		6	6	6	6		6		6		6		6	
National Association of Piano																		
Merchants.....	3		3	3		3	3	3	3		3		3		3		3	
Florida:																		
Jacksonville—																		
Chamber of Commerce.....	5																	
Georgia:																		
Atlanta—																		
Chamber of Commerce.....	5		5	5		5	5	5	5		5		5		5		5	
Brunswick—																		
Board of Trade.....	2		2	2		2	2	2	2		2		2		2		2	
Savannah—																		
(d) Board of Trade.....	1		1	1		1	1	1	1		1		1		1		1	

Name of organization.	Ballot No. 1.				Ballot No. 11.				
	I	II	III	IV	I	II	III	IV	V
	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.
Hawaii:									
Honolulu—									
Chamber of Commerce.....	1	1	1	1		1	1		
Illinois:									
Alton—									
Board of trade.....	2	2	2	2	2	2	2	2	2
Aurora—									
Fox River Valley Manufacturers' Association.....	1	1	1	1	1	1	1	1	1
Bloomington—									
Commercial club.....	3	3	3	3	3	3	3	3	3
Champaign—									
Chamber of Commerce.....	2	2	2	2	2	2	2	2	2
Chicago—									
American Association of Refrigeration.....	2	2	2	2	2	2	2	2	2
Association of Commerce.....	10	10	10	10	10	10	10	10	10
Bureau of Barley and Malt Statistics.....	1	1	1	1	1	1	1	1	1
Central Bureau of Extension Table Manufacturers.....	1	1	1	1	1	1	1	1	1
Central Supply Association.....	1	1	1	1	1	1	1	1	1
Coal Merchants' Association.....	1	1	1	1	1	1	1	1	1
Chicago Typothetae.....	1	1	1	1	1	1	1	1	1
Electrical Supply Jobbers' Association.....	1	1	1	1	1	1	1	1	1
Illinois Ice Dealers' Association.....	1	1	1	1	1	1	1	1	1
Illinois Manufacturers' Association.....	7	7	7	7	7	7	7	7	7
Illinois State Brewers' Association.....	1	1	1	1	1	1	1	1	1
(e) Industrial Club.....	1	1	1	1	1	1	1	1	1
Lumbermen's Association of Chicago.....	1	1	1	1	1	1	1	1	1
National Association of Master Bakers.....	5	5	5	5	5	5	5	5	5
National Association of Retail Druggists.....	10	10	10	10	10	10	10	10	10
(f) National Association of Tanners.....	1	1	1	1	1	1	1	1	1
National Builders' Supply Association.....	2	2	2	2	2	2	2	2	2
National Bureau of Metal and Spring Bed Manufacturers.....	1	1	1	1	1	1	1	1	1
National Confectioners' Association.....	3	3	3	3	3	3	3	3	3
National Hardwood Lumber Association.....	5	5	5	5	5	5	5	5	5
National Implement and Vehicle Association.....	2	2	2	2	2	2	2	2	2
National Shoe Wholesalers' Association.....	1	1	1	1	1	1	1	1	1
National Slack Cooperage Manufacturers' Association.....	1	1	1	1	1	1	1	1	1
Tight Barrel Stave Manufacturers' Association.....	1	1	1	1	1	1	1	1	1
United Typothetae and Franklin Clubs of America.....	9	9	9	9	9	9	9	9	9
Western Cigar Box Manufacturers.....	1	1	1	1	1	1	1	1	1
Wholesale Saddlery Association.....	1	1	1	1	1	1	1	1	1
Danville—									
Industrial Club.....	1	1	1	1	1	1	1	1	1
Decatur—									
Association of Commerce.....	3	3	2	1	3	3	3	3	3
East St. Louis—									
Commercial Club.....	2	2	2	2	2	2	2	2	2
Freeport—									
(g) Chamber of Commerce.....	2	2	2	2	2	2	2	2	2
Joliet—									
Association of Commerce.....	1	1	1	1	1	1	1	1	1
Peoria—									
Association of Commerce.....	6	6	6	6	6	6	6	6	6
(h) Illinois Commercial Federation.....	1	1	1	1	1	1	1	1	1
Peru—									
Business Men's Association.....	1	1	1	1	1	1	1	1	1
Rockford—									
Chamber of Commerce.....					2	2	2	2	2

Name of organization.	Ballot No. 1.								Ballot No. 11.									
	I		II		III		IV		I		II		III		IV		V	
	For.	Against.	For.	Against.	For.	Against.	For.	Against.	For.	Against.	For.	Against.	For.	Against.	For.	Against.	For.	Against.
Indiana:																		
Argos—																		
National Retail Hardware Association.....	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Columbus—																		
Chamber of Commerce.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Indianapolis—																		
Board of Trade.....	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Chamber of Commerce.....	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
National Veneer and Panel Manufacturers.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Western Paper Box Manufacturers.....	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Lafayette—																		
Chamber of Commerce.....	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Muncie—																		
Commercial Club.....	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Richmond—																		
Chamber of Commerce.....	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Shelbyville—																		
Manufacturers' Club.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Iowa:																		
Clinton—																		
Commercial Club.....	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Des Moines—	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Barbers Supply Dealers' Association of America.....																		
Greater Des Moines Committee.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Kentucky:																		
Louisville—																		
Board of Trade.....	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Louisiana:																		
New Orleans—																		
(i) Association of Commerce.....	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
(j) Board of Trade.....	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Southern Pine Association.....	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Maine:																		
Bangor—																		
Maine State Board of Trade.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Lewiston—																		
Chamber of Commerce.....	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Portland—																		
Chamber of Commerce.....	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Maryland:																		
Baltimore—																		
Board of Trade.....	1	1																
Canned Goods Exchange.....	1																	
(k) Merchants and Manufacturers' Association.....	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
National Lumber Exporters' Association.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Frederick—																		
Board of Trade.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Massachusetts:																		
Boston—																		
(l) Chamber of Commerce.....	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Massachusetts State Board of Trade.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
New England Hardware Dealers' Association.....	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
New England Shoe and Leather Association.....	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Brocton—																		
Chamber of Commerce.....	3																	
Fall River—																		
Chamber of Commerce.....	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Frammingham—																		
Board of Trade.....	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Greenfield—																		
Board of Trade.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Haverhill—																		
Board of Trade.....	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Holyoke—																		
Chamber of Commerce.....	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
North Attleboro—																		
Board of Trade.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1

Name of organization.	Ballot No. I.				Ballot No. II.				
	I	II	III	IV	I	II	III	IV	V
	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.
Massachusetts—Continued.									
Salem—									
Chamber of Commerce.....	3	3	3	3	3	3	3	3	3
Essex County Associated Boards of Trade.....	1	1	1	1	1	1	1	1	1
Springfield—									
Board of Trade.....	5	5	5	5	5	5	5	5	5
Ware—									
Board of Trade.....	1	1	1	1	1	1	1	1	1
Worcester—									
Chamber of Commerce.....	4	4	4	4	4	4	4	4	4
Michigan—									
Detroit—									
Board of Commerce.....	10	10	10	10	10	10	10	10	
Flint—									
Board of Commerce.....	2	2	2	2	2	2	2	2	2
Fremont—									
Board of Trade.....	1	1	1	1	1	1	1	1	1
Grand Rapids—									
Association of Commerce.....	6	6	6	6	6	6	6	6	6
National Commercial Fixture Manufacturers' Association.....	1	1	1	1	1	1	1	1	1
Minnesota—									
Duluth—									
Board of Trade.....	1	1	1	1	1	1	1	1	1
Commercial Club.....	6	6	6	6	6	6	6	6	6
Minneapolis—									
(m) Chamber of Commerce.....	3	3	3	3	3	3	3	3	3
Civic and Commerce Association.....	10	10	10	10	10	10	10	10	10
Moorhead—									
Commercial Club.....	1	1	1	1	1	1	1	1	1
St. Paul—									
Association of Commerce.....	5	5	5	5	5	5	5	5	5
Stillwater—									
Civic Club.....	1	1	1	1					
Winona—									
Association of Commerce.....					4	4	4	4	4
Mississippi—									
Greenwood—									
Business League.....	1	1	1	1	1	1	1	1	1
Missouri—									
Kansas City—									
Board of Trade.....	1	1	1	1	1	1	1	1	1
Commercial Club.....	7	7	7	7	7	7	7	7	7
Southwestern Interstate Coal Operators' Association.....	1	1	1	1	1	1	1	1	1
St. Joseph—									
Commerce Club.....	5	5	5	5	5	5	5	5	5
St. Louis—									
Business Men's League.....	10	10	10	10	10	10	10	10	10
Merchants' Exchange.....	6	6	6	6	6	6	6	6	6
National Leather and Shoe Finders' Association.....	2	2	2	2	2	2	2	2	2
Springfield—									
Jobbers and Manufacturers' Asso- ciation.....	1	1	1	1	1	1	1	1	1
Montana—									
Columbus—									
Stillwater Club.....	1	1	1	1	1	1	1	1	1
Nebraska—									
Lincoln—									
Commercial Club.....	8	8	8	8	8	8	8	8	8
Omaha—									
Commercial Club.....	9	9	9	9	9	9	9	9	9
New Jersey—									
Bayonne—									
Chamber of Commerce.....	1	1	1	1	1	1	1		
Elizabeth—									
Board of Trade.....	2	2	2	2	2	2	2	2	2
Jersey City—									
(o) New Jersey State Chamber of Commerce.....	2	2	2	2	2	2	2	2	2
Newark—									
Board of Trade.....	5	5	5	5	5	5	5	5	5
New Brunswick—									
Board of Trade.....	2	2	2	2	2	2	2	2	2

Name of organization.	Ballot No. I.				Ballot No. II.					
	I		II		I		II		III	
	For.	Against.	For.	Against.	For.	Against.	For.	Against.	For.	Against.
New Jersey—Continued.										
Paterson—										
Chamber of Commerce	3	3	3	3	3	3	3	3	3	3
Rahway—										
Board of Trade	1	1	1	1	1	1	1	1	1	1
Trenton—										
Chamber of Commerce	2	2	2	2	2	2	2	2	2	2
New York:										
Albany—										
Chamber of Commerce	6	6	6	6	6	6	6	6	6	6
Auburn—										
(p) Chamber of Commerce	2	2	2	2	2	2	2	2	2	2
Buffalo—										
Chamber of Commerce	10	10	10	10	10	10	10	10	10	10
Cannoharie—										
Board of Trade	1	1	1	1	1	1	1	1	1	1
Cohoes—										
Business Men's Association and										
Board of Trade	2	2	2	2	2	2	2	2	2	2
Elmira—										
Chamber of Commerce	3	3	3	3	3	3	3	3	3	3
Lakemont—										
National Gas Engine Association	2	2	2	2	2	2	2	2	2	2
Lancaster—										
Board of Trade	1	1	1	1	1	1	1	1	1	1
Little Falls—										
Merchants and Manufacturers'					1	1	1	1	1	1
Association										
Lockport—					1	1	1	1	1	1
Board of Trade										
Long Island City—										
Chamber of Commerce of Borough										
of Queens	1	1	1	1	1	1	1	1	1	1
Queens Boro Board of Trade	1	1	1	1	1	1	1	1	1	1
Newburgh—										
Chamber of Commerce	3	3	3	3	3	3	3	3	3	3
New York—										
(g) American Exporters' and Im-										
porters' Association	1	1	1	1	1	1	1	1	1	1
American Hardware Manufac-										
turers' Association	2	2	2	2	2	2	2	2	2	2
American Paper and Pulp Asso-										
ciation	2	2	2	2	2	2	2	2	2	2
Bridge Builders' and Structural										
Society	1	1	1	1	1	1	1	1	1	1
Bronx Board of Trade	3	3	3	3	3	3	3	3	3	3
Eastern Ice Association	1	1	1	1	1	1	1	1	1	1
Eastern Millinery Association	1	1	1	1	1	1	1	1	1	1
(r) Merchants' Association	10	10	10	10	10	10	10	10	10	10
Metalware Club	1	1	1	1	1	1	1	1	1	1
National Association of Clothiers	1	1	1	1	1	1	1	1	1	1
(s) National Association of Glue										
and Gelatin Manufacturers	1	1	1	1	1	1	1	1	1	1
(t) National Association of Manu-										
facturers	10	10	10	10	10	10	10	10	10	10
National Association of Stationers										
and Manufacturers	4	4	4	4	4	4	4	4	4	4
National League of Commission										
Merchants	2	2	2	2	2	2	2	2	2	2
National Paper Trade Association	1	1	1	1	1	1	1	1	1	1
National Piano Manufacturers'										
Association	1	1	1	1	1	1	1	1	1	1
National Wholesale Druggists'										
Association	3	3	3	3	3	3	3	3	3	3
National Wholesale Lumber										
Dealers' Association	2	2	2	2	2	2	2	2	2	2
Natural Ice Association	2	2	2	2	2	2	2	2	2	2
Printing Press Manufacturers'										
Association	1	1	1	1	1	1	1	1	1	1
(u) Produce Exchange	10	10	10	10	10	10	10	10	10	10
Railway Business Association	2	2	2	2	2	2	2	2	2	2
Refractories Manufacturers' Asso-										
ciation	1	1	1	1	1	1	1	1	1	1
(v) Rubber Club of America	3	3	3	3	3	3	3	3	3	3
Silk Association of America	1	1	1	1	1	1	1	1	1	1

[illegible]

Name of organization.	Ballot No. 1.				Ballot No. 11.				
	I	II	III	IV	I	II	III	IV	V
	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.	For. Against.
Tennessee—Continued.									
Memphis—									
Business Men's Club.....	8	8	8	8	8	8	8	8	8
Southern Hardwood Traffic Association.....	1	1	1	1	1	1	1	1	1
Nashville—									
Tennessee Manufacturers' Association.....	2	2	2	2	2	2	2	2	2
Texas:									
Texarkana—									
Board of Trade.....	2	2	2	2	2	2	2	2	2
Utah:									
Salt Lake City—									
Manufacturers' Association of Utah.....	1	1	1	1	1	1	1	1	1
Vermont:									
Brattleboro—									
Board of Trade.....	2	2	2	2	2	2	2	2	2
Virginia:									
Newport News—									
Chamber of Commerce.....	2	2	2	2	2	2	2	2	2
Norfolk—									
North Carolina Pine Association.....	1	1	1	1	1	1	1	1	1
Richmond—									
Southern Supply and Machinery Dealers' Association.....	1	1	1	1	1	1	1	1	1
Roanoke—									
(cc) Chamber of Commerce.....	2	2	2	2	2	2	2	2	2
Washington:									
Seattle—									
(dd) New Seattle Chamber of Commerce.....	8	8	8	8	8	8	8	8	8
Spokane—									
Chamber of Commerce.....	6	6	6	6	6	6	6	6	6
Tocoma—									
West Coast Lumber Manufacturers Association.....	1	1	1	1	1	1	1	1	1
West Virginia:									
Fairmont—									
Chamber of Commerce.....	1	1	1	1	1	1	1	1	1
Wisconsin:									
Madison—									
Board of Commerce.....	6	6	6	6					
Manitowoc—									
Citizens' Association.....	1	1	1	1	1	1	1	1	1
Milwaukee—									
Chamber of Commerce.....	3	3	3	3	3	3	3	3	3
Merchants and Manufacturers' Association.....	5	5	5	5	5	5	5	5	5
Wisconsin Manufacturers' Association.....	2	2	2	2	2	2	2	2	2
Port Washington—									
Merchants and Manufacturers' Association.....	1	1	1	1	1	1	1	1	1
Wyoming:									
Sheridan—									
Commercial Club.....	2	2	2	2	2	2	2	2	2
France:									
Paris—									
(ee) American Chamber of Commerce.....	2	2	2	2	2	2	2	2	2

(a) The Fresno Chamber of Commerce states that it will favor the first two propositions of ballot number one if no other methods of overcoming existing conditions can be found.

(b) The Oakland Chamber of Commerce indicates that its board of directors unanimously voted in favor of the first proposition on ballot number one on condition that Government ownership should be temporary and that provision should be made to dispose of the vessels when the present emergency has passed.

(c) The San Francisco Chamber of Commerce would like to divide the first recommendation on the second ballot, voting in favor of the creation of a shipping board to investigate and report to Congress, but against such a board having full jurisdiction over matters pertaining to oversea transportation. It would also prefer to divide the fourth question of the second ballot, and vote in favor of abolition of deferred rebates, but against supervision of rates by the shipping board.

(d) The Savannah Board of Trade, in voting on the fourth and fifth recommendations of the second ballot, expresses a belief that it is not feasible to regulate ocean freight rates, especially in connection with steamers of foreign countries.

(e) The Chicago Industrial Club qualifies its vote upon the third recommendation of the second ballot by saying that it believes steamers in passenger and mail service between the United States and Brazil, Uruguay, and Argentina should make more than sixteen knots and should receive unusual compensation for the increased cost attendant upon high speed.

(f) The National Association of Tanners found that its members were divided regarding the second recommendation of the second ballot, with reference to a marine development company, and suggests that on this proposal the Federal Shipping Board, if created, be asked to make recommendations to Congress.

(g) The Freeport Chamber of Commerce qualifies its vote on the first recommendation of the second ballot by saying that it would prefer to see the duties which can be assigned to a shipping board performed by some existing agency of the Government.

(h) The Illinois Commercial Federation indicates that it might be in favor of the first proposition on the first ballot in case private capital fails to provide shipping.

(i) The New Orleans Association of Commerce qualifies its vote on the third proposition of the first ballot with a statement that it favors subsidies only if the navigation laws of the United States can not be changed, or some other way be found to accomplish the same purpose.

(j) The New Orleans Board of Trade qualifies its vote on the third proposition of the first ballot in the same way as the New Orleans Association of Commerce.

(k) The Baltimore Merchants and Manufacturers' Association, with reference to the fourth proposition in the first ballot, says that it favors subsidies if the amount paid is proportioned to the service rendered, since it thinks a mail service which is not fast is useless. With reference to the fourth question of the second ballot, it favors abolition of deferred rebates, but says that because of other provisions incorporated it cannot act upon the recommendation as a whole.

(l) The Boston Chamber of Commerce votes in favor of the third proposition on the first ballot on condition that any system of subsidies adopted is made subject to such reasonable regulation, supervision, and limitation on the part of the Government as will prevent its abuse. In voting on the first recommendation of the second ballot, the Boston chamber records its belief that the jurisdiction of the shipping board should be carefully defined and that the navigation laws and regulations, so far as they unnecessarily increase the cost of operating American vessels as against foreign vessels, should be promptly revised and modernized.

(m) The Minneapolis Chamber of Commerce, in voting in favor of the third and fourth propositions of the first ballot, says that these votes are conditioned upon an investigation such as is proposed in the first recommendation of the second ballot, disclosing that it is impracticable so to modify the navigation laws as to place American ships on a competing basis with foreign vessels.

(n) The New Jersey State Chamber of Commerce voted against Government ownership and operation even though the political parties oppose subsidies.

(p) The Auburn Chamber of Commerce, in voting against the third recommendation on the second ballot, states that it does not oppose any necessary increase in the amount of the subvention to vessels of the second, third, and fourth classes.

(q) The American Exporters and Importers' Association, in voting upon the first recommendation on the second ballot, indicates that it believes the shipping board should have jurisdiction only to investigate and report to Congress regarding the navigation laws, and that it has not come to a conclusion whether or not the board should have full jurisdiction in all matters pertaining to over-

sea transportation. With respect to the fourth recommendation on the second ballot the association believes there should be abolition of deferred rebates, but is divided regarding supervision of ocean freight rates.

(r) The Merchants' Association of New York qualifies its votes upon six different questions. Its vote upon the third and fourth propositions on the first ballot it conditions upon provision being made for a Federal board of supervision, as proposed in the first recommendation on the second ballot. The association votes in favor of the second recommendation on the second ballot upon the condition that the creation of a marine development company does not delay or obscure action in the form of a subsidy aid as advocated by its votes upon the first ballot, in favor of the third recommendation on the second ballot with a reservation to the effect that the speed of mail steamers on routes to Europe should not be reduced, and in opposition to the fourth and fifth recommendations on the second ballot for the reason that they involve matters of detail which should be left to the direction of the shipping board.

(s) The National Association of Glue and Gelatin Manufacturers is in favor of a shipping board to investigate and report to Congress regarding the navigation laws, as proposed in the first part of the first recommendation on the second ballot, but is not in favor of having this board exercise full jurisdiction in all matters pertaining to over-sea transportation.

(t) The National Association of Manufacturers explains, in connection with its votes on the fourth and fifth recommendations on the second ballot, that it believes no special board is needed to carry out properly the provisions involved, as they are questions coming under the jurisdiction of the Department of Commerce or other governmental departments.

(u) The New York Produce Exchange is in favor of reduction of speed, as outlined in the third recommendation on the second ballot, but makes no recommendation as to compensation. With respect to the fourth recommendation on the same ballot, it is in favor of having all agreements among over-sea lines filed with a shipping board, if created, advocates authority for such a board to investigate complaints of shippers, and is in favor of legislation abolishing deferred rebates.

(v) The Rubber Club of America is in favor of the third question on the first ballot only if a system of subventions for mail and freight lines fails.

(w) The Swedish Chamber of Commerce states, with regard to the third recommendation on the second ballot, that it favors reduction of speed as outlined but makes no recommendation as to compensation. In regard to the fourth recommendation on the same ballot, the Swedish chamber favors the filing of all agreements among over-sea lines with a shipping board, if created, advocates authority for such a board to investigate complaints of shippers, and favors legislation abolishing deferred rebates.

(x) The Portland Chamber of Commerce casts its vote upon the third question on the first ballot with a qualification that the rate on the movement of a foreign product to an American port through the operation of this subsidy should not be made less than the rate on a competitive American product from one American port to the one reached by such foreign rate. By way of illustration, the Portland chamber says that no subsidy should be paid on a line operating between British Columbia and Atlantic seaboard ports which would have the effect of further increasing the advantage of British Columbia millmen in taking the American market for lumber. In voting upon the first recommendation on the second ballot the Portland chamber says the shipping board should be composed of a shipowner, a licensed shipmaster, a licensed marine engineer, an unlicensed practical seaman, a marine underwriter, an exporting merchant, a merchant who ships coastwise or on interior waters, a former American consular official, a shipbuilder, an attorney with admiralty practice, an official of the Bureau of Navigation, and a Member of Congress.

(y) The Altoona Chamber of Commerce votes in favor of the first question on the second ballot, with the distinct understanding that the shipping board is to be composed of persons of recognized ability and experience in marine transportation.

(z) The Philadelphia Board of Trade indicates that it would vote in favor of the creation of a shipping board with duties only to investigate and report to Congress regarding the navigation laws.

(aa) The Wilkes-Barre Chamber of Commerce expresses approval of ownership of merchant vessels by the Government, but with operation by private parties under leases, if the second recommendation on the second ballot should not be adopted.

(bb) The Charleston Chamber of Commerce explains that in voting on the second question of the first ballot it advocates Government ownership, with private operation, only to the extent of the need of the Navy for auxiliaries.

(cc) The Chamber of Commerce of Roanoke votes in favor of the third question on the first ballot if the purchase and operation of vessels by Americans should be placed on the same basis as are purchase and operation in foreign countries.

(dd) The Seattle Chamber of Commerce votes in favor of the third question on the first ballot, with the proviso that it votes in this way only if no better means can be put into effect for building up the merchant marine. The Seattle chamber believes that American shipping would be rehabilitated without other material assistance if the navigation laws were revised so as to permit American vessels to operate under the same general regulations as vessels of other countries. Although voting in favor of the first recommendation on the second ballot, the Seattle chamber indicates reluctance to have an additional commission created, and casts its vote with the understanding that the shipping board is to be composed of men of recognized ability. In voting upon the second recommendation on the second ballot this organization wishes its preference stated for direct Government aid rather than indirect aid through a development company.

(ee) The American Chamber of Commerce in Paris, in connection with its vote on the second question on the first ballot, states that in view of the urgent need of merchant ships it would favor Government ownership, with private operation, in case private enterprise can not be sufficiently interested to acquire vessels promptly. With regard to the second recommendation on the second ballot the Paris chamber urges that members of the shipping board should all be men of large business experience and that several of the members should have expert knowledge of the shipping trade. The capital of the Marine Development Co., in the opinion of this organization, should be larger than \$30,000,000, that the purposes in view might be better accomplished. The speed of mail steamers in service on routes to Europe the Paris chamber believes should not be reduced from 20 knots; it thinks that under the ocean-mail law of 1891 there should be three classes instead of four—a class with speed of 20 knots or more, to meet the requirements on routes to Europe; a second class with minimum speed of 16 knots; and a third class with a minimum of 12 knots. With particular emphasis the Paris chamber expresses its belief that competition with ships of other countries can not be successful until the American navigation laws are revised and until American ships conform to the international standards of tonnage and measurement.

(ff) The Wholesale Shoe League votes in favor of the first part of the first recommendation on the second ballot, believing there is a question whether or not the shipping board could have control of over-sea transportation.

(gg) The Philadelphia Bourse, in voting upon the second question on the first ballot, says it sees no objection to the lease of Government-owned ships for use in merchant service, provided such ships are especially built and adapted for use as Government auxiliaries, to wit, colliers, transports, and vessels of such type. It is the opinion of the bourse that the Government should own a large number of such vessels and that ships are better cared for and in better shape for immediate use if kept in operation and good condition than if laid up in ordinary. Regarding the third question on the first ballot this organization says subsidies should cover not only difference in cost of operation but difference in prime cost of construction and consequent increased cost of annual depreciation and insurance. In opposing the creation of a shipping board the bourse says that the handicaps against vessels operated under the American flag are well known and have been reported by several commissions. Consequently, it believes a shipping board is unnecessary for purposes of investigation, and that such a board could not, without extreme danger, have full jurisdiction in all matters pertaining to over-sea transportation.

ORGANIZATIONS NOT FILING BALLOTS BUT RECORDING OPINIONS.

The Baltimore Chamber of Commerce acted upon the referendum by expressing its disapproval of the ship-purchase bill which was before the last Congress and by urging that the Government at once remove all restrictions at present imposed upon persons who would invest capital in shipping, giving to Americans the same freedom as citizens of other countries receive from their Governments.

The Charleston Cotton Exchange, by its board of directors, adopted a resolution to the effect that conditions make this an inopportune time at which to express an opinion regarding the questions submitted in the referendum.

The Washington Chamber of Commerce adopted resolutions in which it declined to vote on this referendum for the reason that it believes the method by which the Government should assist in promoting an efficient commercial marine is relatively of little consequence in view of the urgent necessity for sufficient vessels to carry American commerce. It urges everyone to subordinate individual views regarding methods in order that all may unite upon a common plan.

BALLOTS RECEIVED TOO LATE.

The ballots of 10 organizations were received too late to be counted. The organizations represented by these ballots are as follows:

The Association of American Cement Manufacturers, entitled to one vote, indicates that it is opposed to the first and second propositions on the first ballot and in favor of all the other questions on both ballots.

The Fort Wayne Commercial Club, Indiana, entitled to four votes, indicated that it would vote in favor of the first proposition of the first ballot and all the questions on the second ballot, not expressing an opinion on the other questions.

The Great Falls Commercial Club, Montana, entitled to one vote, indicated that it opposes the first two propositions on the first ballot and would vote in favor of all the other questions on both ballots.

The Jacksonville Chamber of Commerce, Florida, which is entitled to five votes, forwarded its vote upon the second ballot too late for official record. It indicated that with reference to the second ballot it would express an opinion only upon the first recommendation, voting in favor of it.

The Longmont Commercial Association, Colorado, entitled to one vote, indicated it would vote against the first and second propositions on the first ballot and the second question on the second ballot, and in favor of the other questions on both ballots.

The National Association of Box Manufacturers, entitled to one vote, indicated it would vote against the first two propositions of the first ballot and in favor of all the other questions on both ballots.

The New Albany Chamber of Commerce, Indiana, entitled to one vote, indicated that it opposes the first two propositions on the first ballot and would vote in favor of all the other questions on both ballots.

The United States Potters' Association, entitled to one vote, indicated it would vote against the first three propositions on the first ballot and in favor of all the other propositions on both ballots.

The Utica Chamber of Commerce, New York, entitled to four votes, indicated it would vote in favor of all five recommendations on the second ballot.

The Yakima Commercial Club, Washington, entitled to three votes, indicated that it opposes the third proposition on the first ballot and the second recommendation on the second ballot, being in favor of all of the other questions on both ballots.

ELLIOT H. GOODWIN, *General Secretary.*

STATEMENT OF MR. IRVING T. BUSH, OF NEW YORK, PRESIDENT OF THE BUSH TERMINAL CO.

MR. BUSH. I would merely like to say, in introducing Mr. Strauss, that in presenting the views of the New York Chamber of Commerce we have divided our presentation into four parts. Mr. Franklin is to speak from the general steamship standpoint, and we have several shippers here to speak from the shipping standpoint. Then we have one gentleman who is to speak from the standpoint of our coastwise laws. Mr. Strauss is to speak from the standpoint of the bankers of New York, who would be interested in distributing the securities and selling the securities of the steamship companies.

It has been stated here, and it has been in the minds of many, that one of the most difficult problems in reestablishing the American

merchant marine is the financial problem, the attitude of the investing public, and the attitude of the bankers who distribute these securities to the investing public. And that is very important. Mr. Strauss is, unfortunately, leaving for Cuba a few minutes after 2 o'clock. He has booked his reservations through, and I ask that he might have an opportunity to make a brief statement before he goes.

STATEMENT OF MR. ALBERT STRAUSS, OF NEW YORK, MEMBER OF THE FIRM OF JOHN W. SELIGMAN & CO., BANKERS, NO. 1 WILLIAM STREET, NEW YORK CITY, N. Y.

MR. STRAUSS. I will be very brief, Mr. Chairman. There is only one point I want to refer to. Mr. Gibboney referred to the profits that the New York bankers insisted on making. He did not dwell very much on the profits the shipping people were making at the present time. I only make that observation in passing.

So far as the bankers who distribute the securities are concerned, they are willing to distribute at a moderate profit any security their judgment approves as sound. They have to do that with deference to the safety of the public to whom they appeal and to protect their own reputations, and under those circumstances they make mistakes. But they are willing to distribute any securities that appeal to them as sound, providing they can find the people to buy them. A security, no matter how sound, if they can not find the people to buy it, does not interest them, because they can not afford to tie up any capital in dead securities. Their activities would be very limited if their operations were limited to securities of that character.

We have had almost no experience in this country in shipping securities, except perhaps on the Great Lakes. Certainly in New York we have not had any experience. England, I believe, has had considerable experience with shipping securities. So that shipping securities here, even if the bankers become convinced of their safety, must still be a subject of gamble and education of the investor. The only point I want to emphasize is that I believe competition with Government operation is going to be fatal to any distribution of securities. I do not believe the investor will buy a security which will be in competition with Government operation of vessels, having behind them the taxing power.

And there is one other point in your bill, at least one other—the question of the provision requiring the approval of the shipping board to permit the transfer of a vessel now under the American flag to a foreign flag. That might conceivably so limit the market that the person who loaned money on the ship could not sell it. If American operation should become unprofitable in the future, and if the mortgagee of a vessel is to be limited to the American operation to look to those people for his market in case he has to sell out his security, it would very seriously impair the value of the security that underlies his loan. And I believe that provision would be absolutely fatal to the development of any market for shipping securities here. On the other hand, if a condition of affairs would be brought about where the investor would be convinced that shipping under the American flag can be made permanently profitably, I believe those same motives that Mr. Gibboney referred to; that is, the desire to make a profit on the investment will make it possible to find all the

money that is needed. The essence there is that the public and the bankers must be convinced that ship operating can be made permanently profitable. And I believe that ship operating can be made permanently profitable and that the difference in the cost of construction will be only a temporary matter. I believe the reason that our construction cost here has been higher than abroad has been that we have not had the volume and the yards have not been able to specialize; and if legislation can be devised and put through which will make the operation profitable, affording for a time assistance in construction, I believe the necessity for permanent assistance in construction will vanish.

That is the only point I wanted to make, Mr. Chairman.

The CHAIRMAN. Is there any demand now on the part of the investing public for securities of this kind?

Mr. STRAUSS. We do not hear it or see it. If we undertook to sell that kind of security we would be met in the first place with the absolute ignorance of most people in regard to it. We would meet their apprehension as to the outcome. And if there were any active discussion, as there is now, on the question of Government ownership and Government operation, I think it would be a hopeless task to try to convince people they would be safe in putting their money into securities where the Government itself as an operator, with the taxing power behind it, was to be a competitor.

The CHAIRMAN. If it is to be distinctly understood that under this bill it was not the purpose of the Government to operate ships in competition with privately owned ships in any trade where our foreign commerce is served, would that still operate to intimidate the investors?

Mr. STRAUSS. I think so. I think the menace of that competition would always be present.

The CHAIRMAN. Is it your view, then, that we should do nothing, but should wait for the salvation of the Lord for what may happen in the future?

Mr. STRAUSS. No; I think not. I think the bill that the chamber of commerce has had prepared and that they are presenting here would meet the situation. I do not think that anything we can do now, immediately, will relieve the present situation. But there are other men here more competent to speak on that feature than I am. All of the shipyards are apparently busy, and the commercial motive, the motive to make a profit, is present for any man who can get anything at all that will float and may be moved on the water; but in the long run I think we will have to do something to make the operation under the American flag possible. So long as we have a protective tariff with protection of wages—and the wages paid at sea will have to compare with the wages paid on shore—I believe that we have got to do something in the way of annual payments to equalize the cost of profitable operation.

The CHAIRMAN. Have you made any estimate of the cost of operating, say, 75 vessels, each of 10,000 tons burden, such as might be done under this bill, under the subsidy scheme proposed by the New York Chamber of Commerce?

Mr. STRAUSS. I have not; and, if I had, my figures would not be of any value. A man like Mr. Franklin could say something on that that would be of value; I could not.

Mr. BRUCKNER. Mr. Strauss, do you voice the sentiments of the bankers of New York?

Mr. STRAUSS. I voice my own sentiments. I am not here speaking for any bankers' association.

Mr. BRUCKNER. You are speaking as a practical banker?

Mr. STRAUSS. A practical banker. That is my own judgment, but I think you would find it to be the judgment of almost all bankers.

Mr. BRUCKNER. You think the public would fight shy of buying those bonds?

Mr. STRAUSS. No; not Government bonds, if that is what you mean?

Mr. BRUCKNER. The public would fight shy?

Mr. STRAUSS. Do you mean buying Government bonds based on shipping?

Mr. BRUCKNER. Yes.

Mr. STRAUSS. Any obligation of the Government is good and can be sold at any time. My point is that the limited amount of money placed in the Government operation of shipping would discourage a very much larger amount that might, under suitable conditions, be looked for from private enterprise.

Mr. BRUCKNER. You think so?

Mr. STRAUSS. I think so.

The CHAIRMAN. But yet there is no present demand for securities of that kind?

Mr. STRAUSS. No present demand for a security of that class. People are suspicious of it; they do not understand it themselves and there are other fields that they can go into. It is not in our control; and even if we wanted to control it, we can not; we have to meet the conditions.

The CHAIRMAN. This system of Government ownership and control is a new one. It grew out of a number of conditions in the foreign trade following the war in Europe.

Mr. STRAUSS. Undoubtedly.

The CHAIRMAN. It is more than 50 years since the Civil War. We have been waiting long, and some of us impatiently, for private enterprise to enter into this business, but up to this date without any substantial evidence of interest on their part. Various subsidy schemes have been proposed in Congress in years past. None of them have ever been enacted into law, and I do not think I hazard anything when I say that the bill proposed by the New York Chamber of Commerce has not a ghost of a show of being enacted into law. Now, under those circumstances do you think there is enough interest in this bill to try it?

Mr. STRAUSS. I do not see that this bill would do anything to relieve the present situation. It would not create vessels.

The CHAIRMAN. It would make a start, would it not?

Mr. STRAUSS. We do not see even how this bill could do that.

The CHAIRMAN. Admiral Benson, of the Navy Department, said that the Navy Department would need at least 500,000 tons of merchant shipping for naval auxiliaries. That much tonnage could be provided for under this bill, and if we do not go any further than to supply that need of the Navy, of its present strength, do you not think it would be a wise thing to do?

Mr. STRAUSS. You could not supply it so as to relieve the present situation.

The CHAIRMAN. Oh, you could not do it to-morrow; but then you could in a year or two, or possibly three years, if we make a start.

Mr. STRAUSS. Three years, I think, would be the minimum time.

The CHAIRMAN. While it is just expressing an opinion, I think if we had enacted the ship-purchase bill into law in 1914 that we could have purchased, for the \$50,000,000, ships that to-day would have been worth at least \$100,000,000, and we would not have been in this situation. But it was defeated just because the people do not believe in Government ownership. In other words, they really stood still in the face of what appeared to be a great emergency.

Mr. STRAUSS. These ships are all in operation now, that you referred to.

The CHAIRMAN. No; a great many of them are at the bottom of the sea. About a million and a quarter tons are now at the bottom of the sea, and maybe a million more have been commandeered by their governments. Now, I do not suppose that any of us, as a general proposition, want the Government to go into a business where private enterprise will take it up and conduct it. I do not. But I confess I have been impatient because private enterprise has been so slow to take this matter up when there was no suggestion of the Government entering the field. I would like to see an American merchant marine. I think it is as essential to the national defense as a navy.

Mr. STRAUSS. I agree with you.

The CHAIRMAN. There has been great commercial prosperity, and especially now, but we must seek out new avenues of trade and extend our foreign commerce if we are going to keep our great manufacturing and industrial concerns active and profitable.

Mr. STRAUSS. I agree with you, Mr. Chairman, but I do not think this bill will do it, because I think it will discourage more private enterprise than the limited amount of direct Government assistance will give.

Mr. BURKE. How can private enterprise be any more discouraged than it has been?

Mr. STRAUSS. I agree with you on that.

Mr. BURKE. This is an experiment. Is it not at least worth trying when all other means have failed?

Mr. STRAUSS. I believe the limited assistance of the equalization payments that are provided in the bill that the chamber of commerce has brought down here would give better results. I do not think there is any question here at all that we are all aiming at the same thing; but there is a difference of opinion as to what is going to be effective.

Mr. SAUNDERS. Mr. Burke suggests that this is an experiment and that other means have failed. What other experiment has been tried heretofore? Has any other method been presented to private capital?

Mr. STRAUSS. I do not think so.

Mr. SAUNDERS. So then there has been no failure on their part to take advantage of an opportunity when no opportunity has been presented?

Mr. STRAUSS. Of private capital; no, I think not.

Mr. SAUNDERS. I think it was agreed that until our legislation of a year or two ago it was utterly impossible for American capital to go into the deep-sea trade under our ancient legislation.

Mr. STRAUSS. I quite agree with you. I think that the remark of Mr. Gibboney as to the willingness of bankers to make a profit is a sufficient answer to that. I do not think he saw the application of the remark on the other side.

Mr. SAUNDERS. With respect to the movement of goods from this country, if rates were reasonable—having reference to the present condition of affairs—if rates were lower than they are now, no more goods would move now, would they? In other words, the carrying capacities of the ships were already full before the present extravagant rates?

Mr. STRAUSS. So I understand, but I think the steamship men would understand more about that than I do. I think there is no question about that, but what it is true. I think I saw an evidence of that in New York the other day, a side-wheel steamer with walking beams on the East River.

Mr. SAUNDERS. It is a fact, so far as you know, that even with the present robber rates we have everything moving now that we can possibly move; and if the rates were reduced no more traffic could be carried, because there are no carriers to take it?

Mr. STRAUSS. I think so.

Mr. SAUNDERS. These rates we have heard of are not being paid by our people, are they; they are paid at the other end?

Mr. STRAUSS. They are paid by the purchaser, I imagine. I am sure our people are not paying them.

Mr. SAUNDERS. So that they are not a burden on our people if our people are not paying them?

Mr. STRAUSS. I think that is correct.

Mr. SAUNDERS. The shipper don't pay it at this end and take it out at the other end?

Mr. STRAUSS. I think not under the present conditions, because competition from other countries has practically been cut off, even in neutral steamers.

Mr. BYRNES. Are you satisfied the price which the producer receives is not affected at all by the price of the shipping rates?

Mr. STRAUSS. I think that is true now; but I do not think it is true in normal conditions.

Mr. SAUNDERS. I am not limiting my inquiry now to normal conditions.

Mr. STRAUSS. Under normal conditions they have their difficulties in common.

Mr. BYRNES. But do you think there is no effect at all?

Mr. STRAUSS. Broadly speaking, I should say not. There may be cases.

Mr. BYRNES. You do not think the increased rates that the consumer pays, which has the effect of reducing his purchasing power, would in any way affect the price received by the producer for his commodity?

Mr. STRAUSS. I do not think it does under present conditions. But men like Mr. Childs here, who are practical exporters, would know about that.

Mr. BYRNES. I only asked the question because of the testimony of witnesses who have come before us during the last two weeks, who have different views, and I wanted your view.

Mr. STRAUSS. That does not come within my experience, and I assume the gentleman does not want me to express an opinion.

Mr. SAUNDERS. I want you to understand that I am limiting my inquiry to abnormal conditions. I understand in normal conditions, if the rates are prohibitive, that he would take a lesser volume of goods.

Mr. STRAUSS. I understood your question.

Mr. SAUNDERS. I wanted to bring out that we are now moving everything from this country that we could possibly move even if rates were reduced at the present time.

The CHAIRMAN. Is it your idea that private capital has been deterred from going into the shipping business in the last couple of years on account of the persistent talk of Government ownership?

Mr. STRAUSS. You mean since the beginning of the war?

Mr. EDMONDS. Yes.

Mr. STRAUSS. I think since the beginning of the war private capital has gone into the shipping business, but I think it has generally been under the stimulus of concerns like petroleum companies, which have bought tank ships and paid high prices. The cost of construction here, I imagine, has been no higher, and perhaps in some cases lower, than abroad. And it is from that motive that the shipyards are all filled up for at least two years.

Mr. EDMONDS. In the buliding up of a permanent merchant marine, do you not think private and ordinary shippers have been discouraged in starting lines, and all that sort of thing, on account of the Government-ownership agitation?

Mr. STRAUSS. I do not think, supposing that the abnormal conditions last for two years, that plans have been made looking that far ahead; but I can not say as to that. I think everyone has tried to provide for the needs of the minute, and that they see ample profit in doing that.

The CHAIRMAN. With this proposed legislation hanging over their heads like Damocles's sword, we have nearly a million tons of ships now being constructed. I wish they would get real scared and contract for a million tons more.

Mr. GREENE. The chairman has said there has been no effort made to build up an American merchant marine in the past. There has been an effort, and it came very much nearer being consummated than even the shipping bill last year, in the form of subsidy bills that have been presented; that is, they were mail subsidies, with a condition in them that the vessels were likely to be taken by the Government for the use of the Navy in case of trouble or for transports for the United States. There have been efforts made—I suppose to your knowledge—to procure that kind of legislation which came very near consummation. In one case the bill passed the House, and in another case it passed the Senate once and came over to the House and lacked confirmation by 1 vote only. That is nearer than any shipping bill has come yet.

Mr. STRAUSS. I believe that the equalizing payments that are provided for in the bill of the chamber of commerce, so far as construction is concerned, would gradually taper off. Probably no payments

would be required now, and I think they would taper off, provided operation is made possible. Of course, the word "subsidy" has always had a more or less invidious meaning.

Mr. GREENE. I understand that it has scared some people.

Mr. STRAUSS. If you call it an equalizing payment—I mean a payment merely to equalize the cost of operation—perhaps that word would be robbed of some of its terrors. I believe what we have to have in this country is a campaign of education as to equalizing subsidies, just as we had on gold and silver. It may take time, but personally I do not believe we will ever get anywhere until we educate the public on that point and they come to realize the necessity.

Mr. GREENE. I think so myself.

Mr. STRAUSS. That is just a personal view.

**STATEMENT OF MR. R. G. RHETT, OF CHARLESTON, S. C.,
PRESIDENT OF THE CHAMBER OF COMMERCE OF THE UNITED
STATES.**

Mr. RHETT. I am at present the president of the Chamber of Commerce of the United States, succeeding Mr. Fahey who just spoke.

I only want to say, Mr. Chairman, to supplement what Mr. Fahey has said, that the mission of this chamber is to endeavor to inform the business people of this country regarding great national questions, such as you are considering—to give them accurate and concise information on both sides—and to endeavor to have them consider these questions carefully and deliberately, sending to us their definite conclusions on these business subjects.

We have been trying, and each time we issue a referendum we try harder, to make these statements fair and concise—documents that will really educate. We also endeavor to get the commercial organizations in the membership to consider these questions deliberately and to discuss them, finding among themselves the best method of informing their members on these subjects in order that their decisions may be really intelligent. It is a process of education. Our first referendum was not very carefully considered, but each succeeding referendum has excited greater and greater interest. Each chamber is studying how it can get a fair opinion from the majority of the business men of its community.

Now, I noticed in the testimony of Mr. Douglas that Mr. Byrnes, from my own State, gave an example of what possibly the action of a chamber might mean, referring to the Charleston Chamber of Commerce. I want first to explain why that particular action was taken by the Charleston chamber, and, in the second place, to explain to you exactly the manner in which the Charleston chamber reached its decision, in the national chamber's referendum, regarding the merchant marine situation. Mr. Byrnes said:

With reference to the value of your referendum, I want to ask, inasmuch as this committee has already before it a bill regulating compulsory pilotage, and the Charleston Chamber of Commerce have presented here last week a resolution requesting this committee to report that bill, and this week the committee has before it a resolution from the same chamber asking us to vote against the bill which it favored the week before, do you not think that there is some possibility, if the framer of this bill should appear before the Charleston Chamber of Commerce and some other organizations of that character, they might behave in like manner and send resolutions up here asking us to vote for the bill?

Now, gentlemen, I would like to explain personally what took place in that matter. Our merchants and shippers in Charleston had been for years complaining that they were unable to get pilotage rates in the port of Charleston on a parity in several respects with neighboring ports. They came to me and asked me if I would appear before this committee on the subject of the pilotage bill, in an endeavor to get the Government to regulate the rates of pilotage on barges, about which there was most complaint and which in my opinion were rather outrageous. I asked the merchants and shippers to allow me to finish the organization of the Charleston chamber, and then bring the matter before that body.

I completed our organization, with a thousand members, and I then called a public meeting, at which I asked the shippers to appear, and I asked the pilots' association to appear. Our harbor is governed by a harbor commission of 13 men, and a subcommittee of 5 governs the pilots and fixes their rates. Two pilots are on that subcommittee and three business men. They appeared before the members of the board of directors of the chamber, of whom 18 out of 25 were present, and the shippers presented their case. There then appeared three men on behalf of the pilots—three out of the five members of the subcommittee of the harbor commission, the subcommittee that fixes the pilotage rates. These three men, in speaking for the pilots, did not suggest that the rates were to any extent out of the way. On the other hand, they contended that they were very proper charges. When they got through the hearing we asked each other, "What chance have the shippers of Charleston to get these pilotage rates reduced?" and there was a unanimous vote that we should come up here and ask you gentlemen to relieve us from the situation, inasmuch as three out of the five on the subcommittee of the harbor commission did not see the impropriety of changing rates on barges.

I did not think that was a fair test on which to come up here before your committee. I went before the mayor next morning and asked that the harbor commissioners be summoned. I appeared before the harbor commissioners and demanded that they put in rates at once which would relieve this barge situation and also other discriminations. The result was that the pilots offered to turn over to me their books for 5 or 6 or 10 years, to show what they received under the current charges, including pilotage on barges. A motion was made that I take those books and examine them and come back again before the commission and make a statement as to what I thought was fair and just under all the circumstances. An examination of those books convinced me that if the Government took away the whole of the coastwise pilotage pilots in the number then serving the port could not exist. I went to the foreign shippers, and they said, "We could not have a less number; we are just building a new coal terminal, and it would be very dangerous to reduce the number." However, I satisfied myself that these things that I asked ought to be done. I prepared a report reducing the charges for pilotage barges, called the shippers before me, and asked them whether these reductions were satisfactory to them. They said, "Yes." I called the pilots up to meet them, and they agreed on the rates. I went down to the harbor commissioners and offered that amendment

to their pilotage rates, to be put into effect immediately. The resolution was carried and the rates became effective that day.

Under these conditions, gentlemen, there was no reason for the Chamber of Commerce to come up here and ask you gentlemen to fix rates, when we had already arranged them to the entire satisfaction of the shippers, and fixed them by reason of the action of the chamber. We therefore made a full explanation in our resolution, stating that inasmuch as our harbor commissioners had given us entirely satisfactory rates, we asked you gentlemen to confine your regulation of tolls to the inland waterways. I think it is due to you, gentlemen, that I should make this explanation with respect to the situation to which Mr. Byrnes referred.

So far as the matter of the merchant marine is concerned, I want to explain to you how our chamber proceeded. The president of the chamber, who was in office at the time, was in favor of your last shipping bill, and in favor of the principle of the United States purchasing and owning and operating ships. He himself selected a committee of 12. That committee came together with the national chamber's referendum before it and discussed it all evening. When they came to a vote, it was 11 to 1 against the Government acquiring and operating merchant vessels. The president's was the sole vote favoring that proposition.

Now, on the next proposition—Government ownership of vessels, coupled with private operation—they said, "Yes; if it was confined to naval auxiliaries." So far as subsidy as a means of permanent upbuilding of the merchant marine of tramp ships, they voted "Yes."

The CHAIRMAN. Are you sure they voted "Yes?"

Mr. RHETT. For subsidy.

The CHAIRMAN. On tramp ships?

Mr. RHETT. Yes; on tramp ships.

The CHAIRMAN. There is no nation in the world that does that.

Mr. RHETT. On ships of that class, you will see on the third question (that is the subsidy question), and on the fourth, for subventions, they voted yes. I must say to you gentlemen that I was exceedingly surprised to see that Charleston, Savannah, all of Georgia, all of Tennessee, and all of Virginia voted on that as the permanent means of upbuilding this merchant marine.

Now, that report of the committee was taken back to the Chamber of Commerce. It was not adopted in any perfunctory way. It was taken back to the board of directors and there discussed an entire evening. I was present and sat down and listened to the discussion. In that discussion they unanimously confirmed the report of the committee so far as the first question was concerned.

I only want to tell you how carefully these things are now being done in these chambers. On the present seamen's bill we have in the Charleston chamber a committee of 21. A pilot is in the membership; the president of the labor union is on the committee; and we have farmers on the committee. We have endeavored to collect the whole community, because the purpose of these chambers is to draw out what the people think when they hear both sides of the question. That is all our purpose. If we do not succeed it is not because we are not trying.

the CHAIRMAN. What was your action on the seamen's bill?

Mr. RHETT. They have not had it yet, sir.

the CHAIRMAN. Several chambers of commerce have passed resolutions and sent them to us recommending its repeal, notwithstanding that section 14 of that act includes in terms the International Convention on Safety of Life at Sea, to which all the maritime nations of the world have agreed.

Mr. RHETT. No; I want to differ with you on that. In the first place, it contains provisions which the international conference declined to incorporate and it omits provisions that the international conference did incorporate.

the CHAIRMAN. I beg your pardon; you are not correct in that.

Mr. RHETT. It contains an entire provision requiring these lifeboats to be manned by able seamen or officers; and the international conference declined to insert that.

the CHAIRMAN. There is only one feature; the international convention says that each lifeboat shall be in charge of a licensed officer or seaman. The seaman's law says "a licensed officer or *able seaman*." That is the only difference.

Mr. RHETT. The committee thought there were a good many concessions. In the first place, it applies not only to passenger ships, but applies to all ships; in the second place, it made no provision whatever about safety in construction. All of that was omitted in the bill. Therefore, only parts of that convention are included.

the CHAIRMAN. I say it included in terms, with that one exception, the provisions of the international convention on safety of life at sea, as applied to vessels in the foreign trade.

Mr. RHETT. They felt that one thing was a serious matter on the score of expense; but it is out at referendum now and we can not wait until the ballots are received.

the CHAIRMAN. It just struck me that they had never read the bill, and I am inclined to think that is so. They certainly did not understand it.

Thereupon, at 1.07 o'clock p. m., a recess was taken until 2 o'clock p. m.)

AFTER RECESS.

The committee reconvened pursuant to the taking of the recess.

STATEMENT OF MR. IRVING T. BUSH, OF NEW YORK, PRESIDENT OF THE BUSH TERMINAL CO.

Mr. BUSH. I speak today for the Chamber of Commerce of New York, as the chairman of their special committee on merchant marine foreign trade. I speak in the absence of Mr. Seth Low, president of the chamber, who had expected to be here.

the CHAIRMAN. I have a letter from him in which he undertakes to set forth the position of the chamber of commerce on the subject.

Is it your wish that that go into the record?

Mr. BUSH. A printed letter?

the CHAIRMAN. It is a typewritten letter addressed to me by Mr. Low as president of the chamber of commerce.

Mr. BUSH. Yes; I would like to have that inserted in the record.

(The letter referred to is as follows:)

CHAMBER OF COMMERCE,
New York, February 19, 1916.

HON. JOSHUA W. ALEXANDER,
Chairman Committee on Merchant Marine and Fisheries,
Washington, D. C.

SIR: The Chamber of Commerce of the State of New York regrets that it can not agree with the principles underlying the Alexander bill, H. R. 10500.

While the chamber is in accord with the desire of the authors of the bill to promote American shipping and to relieve the immediate and pressing need for additional cargo capacity in the foreign trade of the United States, it is convinced that the establishment of the principle of Government ownership and operation of merchant vessels will prevent the construction by private capital of a greater number of vessels than will be constructed by the Government under the proposed bill and thus decrease and not increase the number of vessels available for foreign trade under the American flag.

The chamber further submits that American shipbuilding yards are unable to accept order for the construction of vessels of sufficient size to engage profitably in foreign commerce for delivery within a period of two years, and that the only tonnage which can be brought to the relief of the present situation by Government ownership is the limited number of merchant vessels which can be built in Government naval yards.

The shipbuilding industry of the United States, after a long period of depression, is beginning to feel the stimulus of the increased demands for vessels and the capacity of existing yards is being increased and new shipbuilding enterprises are projected.

It is the opinion of the chamber that the number of vessels which it may be possible to build immediately in Government yards will be so limited that the advantage gained will not offset the discouragement to American initiative to develop and extend private owned shipbuilding industries of the country.

The chamber is in accord with the principle of creating a Government board to study and control the maritime laws and policies of the United States, providing the authority vested in such a board looks to the development of American shipping by the encouragement of American enterprise.

The chamber deprecates as unwise an attempt to regulate the rates for carrying freight through the medium of such a board. It believes that under normal conditions the competition of the ocean-carrying tonnage of the world is a sufficient safeguard against unduly higher rates, and is convinced that an attempt on the part of such a board to regulate the rates will prove to be an additional disadvantage to American commerce in meeting the competition of foreign nations.

The chamber believes that the provision to require a license for all vessels sailing from ports in the United States should not be enacted without more careful study, and a more complete estimate of the probable consequences to the trade of this country. Any provision which may make it more costly or difficult to operate vessels from and to the ports of this country burdens its entire commerce and industry. The farmers of the West, for instance, must sell their grain in competition with the growers of Argentine. Any burden upon shipping from American ports which can not be equally imposed upon shipping from the Argentine will, in the end, be borne by those who produce in this country the commodities which must be sold abroad in competition with those of other countries.

The discussion of the effect of rates or other regulations, even such as might be applied to foreign ships plying from our ports equally with American ships, should not lose sight of the fact that we have not only to consider the effects upon shipping as such, but we have also to consider the effect upon our export trade in products and commodities, which is a vastly larger and more important question.

Even if all ships under foreign flags plying from our ports could, by license or other means, be brought under the same regulations as it is intended to apply to ships under the American flag, it will still be true that all foreign ships plying from their own ports carrying products and commodities to foreign ports with which our products and commodities must be in competition at those ports, will be free of all such regulations.

The foregoing objections to the Alexander bill, H. R. 10500, are fundamental and while the chamber of commerce would be glad to believe that there is some

upon which this bill can be amended and made satisfactory, it can see by which the vital objections can be overcome, and therefore respectfully urges that it be disapproved.

While disagreeing with the principles underlying the Alexander bill, H. R. 10, the chamber recognizes that if an American merchant marine is to be established, some measure of Government aid must be extended. The increased cost of operating vessels under the American flag is largely due to conditions which have been created by the American people through legislative action, and the increased cost of constructing vessels in this country is largely due to the fact that the shipbuilding industry has not been sufficiently developed, the character of vessel and method of construction not standardized.

It is the belief of the chamber that when a demand has been created for American-built vessels, the capacity of American yards increased and the type standardized, the cost of constructing vessels in this country will be no greater than in Europe. The supply of ore and coal is unlimited and American industry has shown in countless instances its ability to compete with foreign nations, through the medium of machine tools, in the production of standardized vessels, even though the labor cost be higher in the United States. Until competition cost is equalized by natural conditions, some artificial basis of equalization must be established, if vessels are to be constructed under normal conditions in this country for foreign trade. Under present war conditions no equalization of construction costs is necessary.

While it is the opinion of the chamber that the difference in the cost of operating vessels under the American flag and under flags of European nations is less than is sometimes stated to be the case, it is still sufficiently large to prevent under normal conditions the creation of a substantial merchant marine under the American flag.

The chamber does not believe that a subsidy assuring a profit to owners of American vessels in foreign trade is necessary, or in accord with the desires of the American people, but it believes that the spirit of the people of this country will agree with the principles of Government aid to equalize construction and operating conditions to a point which will merely place the American vessel owner upon an equal basis with his foreign competitors.

Experience has shown that the mail act of 1891 has not been a sufficient incentive to establish mail-carrying steamship lines. It is the opinion, however, of the chamber that if the speed requirements for vessels engaged in trades where it is not necessary to maintain high speed be reduced to reasonable levels, advantage will be taken of the provisions of the mail act of 1891, and lines under the American flag established.

The chamber has therefore prepared a bill which has been introduced into Congress, providing for encouragement to private enterprise to develop and increase an American merchant marine.

The chief principles underlying this bill may be divided into four parts:

First. The creation of a shipping board of such character to command the respect of men experienced in shipping matters, whose judgment will inspire confidence of the people of the United States. Under this board should be placed the direction and control of the laws and regulations of all matters relating to American shipping, and it should be charged with the responsibility of suggesting to Congress legislation which will foster and encourage our merchant marine.

Second. It gives to the Postmaster General the discretionary power to make certain reductions in the speed requirements of vessels operating under the mail act of 1891, in trades where in his judgment the public welfare of the country will be served by a speed for mail vessels less than that called for under said act.

Third. It provides that, when the shipping board has approved plans for the construction of vessels under the American flag for foreign trade and has decided that it is in the interest of the public welfare to establish the service which the vessels are to be used, the Government pay to those who construct such vessels in American shipyards the difference between their actual cost and the cost of constructing vessels similar in all respects in the yards of other nations having a maritime tonnage equal to or greater than that of the United States. These payments should decrease as the shipbuilding industry is developed, and ultimately cease.

Fourth. It provides that the Government shall pay for a limited period to the owners or operators of vessels under the American flag, when the construction of their vessels and character of their service has been approved by

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The chamber further submits that American shipbuilding yards are unable to accept order for the construction of vessels of sufficient size to engage profitably in foreign commerce for delivery within a period of two years, and that the only tonnage which can be brought to the relief of the present situation by Government ownership is the limited number of merchant vessels which can be built in Government naval yards.

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The chamber believes that the provision to require a license for all vessels sailing from ports in the United States should not be enacted without more careful study, and a more complete estimate of the probable consequences to the trade of this country. Any provision which may make it more costly or difficult to operate vessels from and to the ports of this country burdens its entire commerce and industry. The farmers of the West, for instance, must sell their grain in competition with the growers of Argentine. Any burden upon shipping from American ports which can not be equally imposed upon shipping from the Argentine will, in the end, be borne by those who produce in this country the commodities which must be sold abroad in competition with those of other countries.

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It is the belief of the chamber that when a demand has been created for American-built vessels, the capacity of American yards increased and the type standardized, the cost of constructing vessels in this country will be no greater than in Europe. The supply of ore and coal is unlimited and American ingenuity has shown in countless instances its ability to compete with foreign nations, through the medium of machine tools, in the production of standardized articles, even though the labor cost be higher in the United States. Until construction cost is equalized by natural conditions, some artificial basis of equalization must be established, if vessels are to be constructed under normal conditions in this country for foreign trade. Under present war conditions no equalization of construction costs is necessary.

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Fourth. It provides that the Government shall pay for a limited period to the owners or operators of vessels under the American flag, when the construction of their vessels and character of their service has been approved by

the shipping board, the difference between the cost of operating the vessels under the American flag, and the highest cost of operating them under a foreign flag.

Attention is called to the fact that nothing can be done under this act without the approval of the shipping board acting in the interest of public welfare, and that it provides for Government aid for a definitely limited period. Contracts under the provision of this act may only be entered into for a period of 10 years, and each contract will last only for a period of 20 years. The period of 10 years has been established because it is the opinion of the chamber that it should be possible to arrange for a substantial merchant marine within that time, and a period of development reached where the cost of constructing vessels in American yards be equalized. The period of 20 years has been established because it is the belief of the chamber that any vessels constructed under the act should be entitled to equal operating conditions during the ordinary life of vessel property, which is estimated to be 20 years. The right to requisition for naval or military purposes all vessels built under this act is reserved to the Government.

The chamber respectfully submits that legislation based upon the foregoing principles will stimulate and encourage American enterprise to do far more to develop an American merchant marine than the limited Government program proposed in H. R. 10500. It will substitute Government cooperation for Government competition, and bring vastly greater benefit to the commerce and industry of all parts of the United States, without creating subsidies unduly profitable to the owners of American vessels. It will merely place the American shipowner upon an equality with his foreign competitor; and if this is done, it is the opinion of the chamber that the enterprise and courage of the American people will create a merchant marine second to none.

Respectfully,

SETH LOW, *President.*

MR. BUSH. I want first to say just a word about the character of the committee of the chamber who have been considering this merchant-marine problem. The first consideration was before a small committee of which I was chairman. We made a report last year to the full chamber, at which time the large meeting room of the chamber, holding over 300 people, was filled; not a seat was vacant. That report was turned down and a second report was adopted by the chamber with, I think, only one dissenting vote.

THE CHAIRMAN. I believe the first report was in favor of free ships, was it not?

MR. BUSH. No; that was after the free-ship bill had been passed.

THE CHAIRMAN. I say your first report was in favor of free ships.

MR. BUSH. That is not the report to which I refer. That was before my appointment as a member of our committee, and I am not familiar with the action which was taken. The first report we made was made after the free-ship bill had been passed by Congress and was enacted into law.

The chamber was most anxious that the body who considered the merchant-marine matter from their standpoint should be representative, so that three committees of the chamber, totaling about 25 men, were consolidated into one large group, and practically all of the considerations and discussions of the committee have been by a combined committee of this character.

From the standpoint of New York, the membership of that committee is as representative of shipping experience and intelligence, from the position of the steamship men on the committee, from the position of shippers, and from the position of men identified with banking and with marine insurance, as it could be made. I will be very glad to furnish, should the committee so desire, a list of the

committee; but I will not burden the record with it at the present time. I will say, however, that the steamship men on that committee are men who have been for a great many years identified with the foreign trade of this country, and when they speak to-day they will not speak from the standpoint of an experience in sailing their first vessel.

The chamber is exceedingly sorry it can not agree with the provisions of House bill 10500. When the Alexander bill was introduced we were most anxious to see if there was not some possible basis on which we could support that measure, because we recognize that the present time is the first great opportunity we have had for something really constructive in the way of building up our merchant marine. But our differences with that bill are so fundamental that we see no way in which it can be amended to meet what we consider absolute essentials for the sound upbuilding of our merchant marine. Our basic objection to the Alexander bill is our profound belief that the entrance of the Government of the United States into the ownership and operation of merchant vessels will prevent the construction of a greater tonnage than the United States will bring to the relief of the present situation. As has been pointed out, \$50,000,000 will only construct about 50 ships of 10,000 tons each, at an average cost of \$100 per ton; and we are convinced that the mere introduction of Government competition is going to deprive the American shipper and American commerce of a much greater tonnage than this limited tonnage constructed by the Government. We feel that the only tonnage which can be brought immediately to our relief by the Government is tonnage which may be constructed in the Government navy yards, but that limited tonnage is not a sufficient advantage to offset the discouragement which we feel will come to the owners of American ships and the owners of American shipyards. The American ship-building industry, after a long period of depression, is just beginning to feel its first stimulus from the increased demand for tonnage constructed in this country.

These objections are fundamental and we see no way in which the bill can be amended to overcome them. We therefore, with a great deal of regret, have expressed our disapproval of the bill.

We also think it unwise to attempt to regulate rates for carrying freight through the medium of such a board as is proposed to be established. We believe that in normal times the competitive ocean-carrying conditions of the world will sufficiently safeguard the country against unduly high rates; and are convinced that an attempt to regulate rates through such a board will be an additional disadvantage to American commerce in meeting the competition of foreign nations.

And the chamber further believes that the provision to require a license—

The CHAIRMAN. On that first point, this committee investigated what was popularly called the "shipping trust" and we found that all the regular lines, commonly speaking, in all the trade areas of the world, were in some form of combination; and that in the three years preceding 1913 the ocean-freight rates had increased from 50 to 200 per cent without any appreciable reason, because there had not been any increased cost of operating ships, except that the combinations

had been made more perfect. We were confronted with this proposition: Either to provide that these combinations might be broken up and the Sherman antitrust law invoked against them, if they were pernicious, or else provide some rational Government supervision. And if you had taken the pains to read the report of my committee on that subject, and the recommendations of the committee and the bill that is now pending, my notion is that you could not urge any rational objection to reasonable Government supervision in the fixing of rates and to prevent abuses in the interests of the great body of American shippers, discriminations, deferred rebates, fighting ships, and things of that character.

Mr. BUSH. Mr. Chairman, I would much prefer to have the gentlemen who have come down with me and who are very much more familiar with the actual operation of ships, discuss those details; because I feel I would perhaps unnecessarily encumber the record and take up your time. I am perfectly willing to answer any question of which I am capable. I, of course, have opinions upon those matters, but there are gentlemen here who have spent a lifetime in operating ships and are perfectly familiar with all of those conditions and can give you a very much better statement, probably, than I can, and if it is agreeable to the members of the committee, I will prefer to leave the discussion of details to them.

We have realized, however, that some measure of Government aid must be extended, if anything is to be accomplished, and partly as a result of statements which have been made frequently in Washington (and to which we take no exception, for we believe they are correct) that we have not heretofore brought down any constructive suggestions as to what might be done to relieve the situation and help in the upbuilding of our merchant marine, we have, after a great deal of study by this committee, composed of men who have had long experience, both as steamship operators and shippers, prepared a bill which has been introduced. And I would like to say a word or two upon that bill before introducing the speakers who are to discuss the matter more definitely from the standpoint of the shippers and the steamship operators.

The CHAIRMAN. You refer to H. R. 11865, introduced by Mr. Rowe?

Mr. BUSH. Yes, sir; that is the bill. We recognize that the cost of operating American ships under normal conditions is higher than the operation of ships under foreign flags. We believe that these operating costs have been increased through legislative action resulting from the wishes of the people that the American seaman and the officers of American ships be paid better wages; that there be a greater number in the crew, and that food and provisions for their comfort be greater. These differences in operating cost seem to us to be permanent, and we do not believe with the standards of living that the American people have established for their seamen we can, with any reasonable foresight, see a time when the operating conditions of an American ship can be brought down to an equal basis with foreign tonnage.

Our bill rests upon four main points. The first is the creation of a shipping board, which is a feature of almost every bill which has been introduced. The only difference between the board which we

suggest and that which is provided in the Alexander bill is that we suggest a board of seven, five of whom shall be appointed by the President, and the other two to be the Secretary of the Navy and the Secretary of Commerce. I quite agree, and I think the members of the committee quite agree, with the objections of Mr. Fahey to-day that the Secretary of Commerce and the Secretary of the Navy, being administrative officers, are burdened with other duties, and it will be impossible, over a long period of years, for them to devote the necessary time to conduct the details of the shipping board. We believe, therefore, the result will probably be that the two secretaries will be able to give perhaps less and less time to the duties of that board, and that you should have a larger body than three to have charge of the actual conduct of the work which the board will have to perform, and we suggest, therefore, a board of seven instead of five, which will give five members appointed by the President.

Our second recommendation is that discretionary powers shall be given to the Postmaster General to reduce the speed requirements called for in the mail act of 1891 in trades, where, in his judgment, the public welfare of the country does not call for a high rate of speed. We believe that there are many trades in South America, or South Africa, or eastern countries, where the speed requirements called for in the mail act of 1891 are entirely in excess of the actual needs for mail service. We suggest, therefore, that discretionary power be given to the Postmaster General to reduce the speed requirements to certain limits where, in his judgment, the public welfare is served by a slower rate of speed. These lines can not be established without the approval or without the suggestion from the Postmaster General. It is left entirely in his hands.

The third and the fourth main principles of our bill are the principles which have been alluded to here to-day as equalization principles. The third is that the difference between the cost of constructing vessels in European countries and the cost of constructing vessels in American yards, under normal times and normal conditions, be paid for by the Government. For instance, if a vessel is to be constructed in a yard on this side of the water, the man who proposes to construct it must first go to the shipping board and submit his plans, and they must be approved by the shipping board; he must state the service in which the vessel is to be used, and the character of the service must be approved by the board, from the standpoint of the public welfare, whether it is a line of service, which from the standpoint of the good of the entire country, it is desirable to have developed. When these points have been passed upon by the board, then the construction is undertaken and the man or the corporation who has the ship to build must show the reasonable difference in the cost of constructing in an American yard the vessel or vessels which he is building and of an exactly similar ship or vessel constructed in a European yard. If, for instance, it cost \$500,000 here and it cost \$400,000 to build a ship in England, the Government is, under our bill, to make good that difference of \$100,000. That is a difference in construction cost only, and we believe with the standardization of types of vessels, and the growth in the demand for vessel property and the increased development of our ship-building industry, that that difference will be wiped out.

The CHAIRMAN. Will you pardon me just at that point. Under the ship-registry act of August 18, 1914, American citizens can purchase foreign-built ships for the foreign trade.

Mr. BUSH. If the vessels are bought abroad, of course there is no equalization necessary. It is only necessary where, in the judgment of the shipping board, it is wise and desirable to have those vessels built on this side. The whole matter is discretionary and practically left to the shipping board. If the vessel is bought abroad, of course it would come in under the act you have just mentioned.

The CHAIRMAN. Is it your intention that a subsidy should be paid by the Government on vessels in the coastwise trade?

Mr. BUSH. No; only the foreign trade.

Mr. ROWE. On ships used in the foreign trade?

Mr. BUSH. Only on ships used in the foreign trade.

Mr. ROWE. I mean in the matter of construction.

Mr. BUSH. Yes.

The CHAIRMAN. If the laws remain unamended would the shipping board in any event be justified in paying the difference in the cost of construction here and abroad when the American citizen has the privilege of purchasing his ship abroad if he can buy it at a less price?

Mr. BUSH. Only if in the judgment of the board it is to the interests of this country to have ships built in our shipyards.

The CHAIRMAN. On what basis would you think we would be justified in paying the difference in the cost of construction of a ship built here and abroad, as a subsidy, because in the fancy of some men he might want to build a ship here?

Mr. BUSH. I do not believe, Mr. Chairman, you will ever permanently reconstruct the American merchant marine by having all of your ships built abroad. I believe we not only need ships, but we need them built in American shipyards so as to develop the American shipbuilding industry, and they should be manned with American crews and with American officers. I think you will have to have those four elements created in this country before we can reestablish our merchant marine. If our ships are all to be built abroad, in times of national danger our yards will not be developed except as ship repair yards. I think we must take some steps, if you are going at this on a broad and comprehensive basis, not only to reestablish our ships on the high seas but to reestablish the shipbuilding industry. Our thought was not to make it mandatory that those ships be built in American yards, but to give the board sufficiently broad powers so that when they are built on this side the difference in cost might be made up until that difference is eliminated. We believe with the growth of American shipyards, with the great supplies of ore and coal in this country, and the ability which Americans have shown in countless other instances to meet the competition of foreign nations when an article has been standardized, that the difference in cost will gradually disappear. The trouble to-day with American shipyards is that you see on one set of stocks a merchant steamer, on the next a ferryboat, on the next a towboat, and on the next perhaps an excursion boat. They have, on the other side, a standard type of vessel which is turned out by one yard, one after the other, on the same patterns and where the cost of construction is reduced to the minimum.

We have done a great many interesting things in this country. We have taken the automobile, which was invented and used abroad, and have brought it over here and standardized it, and we are now exporting to countries where the automobile first made its appearance. This is made possible through the use of American machinery. It is perhaps difficult to liken ship construction to automobile construction, because ships are a very much larger article, but with our supply of coal and ore and the ability and ingenuity of the American people, which has been shown in countless instances to be able, even with labor cost higher in this country, to meet foreign competition, we believe, with a standardized article and a developed shipbuilding industry, that foreign competition can be met and we can create an industry which will not only build ships for ourselves, but which will build ships for other nations of the world who have not their own shipbuilding facilities. We think that this inequality is temporary, but if we are to reestablish our merchant marine and are to have a shipbuilding industry which will go with it, and which must go with it, the temporary inequality must be met by some measure of Government aid.

The fourth provision in our bill is the equalization in the cost of operating. Now, we believe that the difference in cost of operating these ships under such normal conditions as existed before the beginning of the war is not nearly so great as has been sometimes supposed. It has been frequently stated that the cost of operating American ships is 40 per cent greater than the cost of operating foreign ships. If you figure the cost on a percentage basis that may be true, but a percentage basis is a very dangerous basis to follow, because the cost varies with the type of ship, it varies with the trade, and it varies with a great many other things. An English vessel, for instance, engaged in the trade between New York and South America, like the Lamport & Holt service, must buy coal in the same markets as the American vessel, must purchase the same engine-room supplies and deck supplies, and must buy food in the same markets; and practically every element in the cost of operating an American vessel and an English vessel between New York and South America, or New York and any other countries, except wages and food, is identically the same as the cost of operation of an American vessel. On the basis of estimates we have been able to secure (and we have taken some pains to consult with a great many steamship people) the average difference in cost of operating an American vessel, which will cost, we will say, \$500,000 under normal conditions, such as existed before the beginning of the war, and an English vessel of the same type, will be from \$10,000 to \$12,000 a year. That is a high type of merchant vessel, and the difference in cost of \$10,000 or \$12,000 a year is not a very large amount. Some people may say the American shipowner, from patriotism, should pay that difference. But if you consider that vessels are usually not operated as single units, but are operated in fleets, and if you take a fleet of 20 or 30 vessels you will find that the difference per year in the operation of such a fleet will amount to from \$200,000 to \$300,000. And that is a very considerable sum. Unless there is some distinct advantage to be gained by operating those ships under the American flag, such as there is at the present

time, there is no sufficient reason why the owner of a steamship should place his vessel under the American flag when he can obtain equal advantages under the English flag and make an annual saving of from \$10,000 to \$12,000 a year on each vessel which he operates.

These four main principles are the foundation of our suggestion: First, the board; second, the power of the Postmaster General to reduce speed where, in his judgment, the public welfare is served by a lesser speed; third, a temporary equalization of the cost of construction; and, fourth, the equalization of the operating costs.

We do not suggest that this thing go on for all time, but for a limited period. We suggest that during 10 years' time contracts may be made to cover a period of 20 years. The reason we suggest the 10 years is because we believe within that time a very substantial start will be made, or more than a start can be made, in the reconstruction of the American merchant marine. We suggest that the contracts run for 20 years because that is usually considered to be the average life of a vessel. And we think that anyone who constructs a vessel under this act should be entitled to equalization of the operating differences for the life of that vessel—20 years. Under this act the last contract will expire within 30 years from the enactment of the law.

I also call your attention to the fact that nothing can be done under the bill without the approval of the Federal Shipping Board acting in the public interests. It is not possible for a man to come forward and say, "This is my plan: I want to build these ships and to place them in a certain trade." Unless he first goes to the shipping board and submits his plans and obtains approval of the character of the service in which the ships are to be placed, he would not be entitled to the benefits of the act. The public interests are safeguarded by this board appointed to protect the public welfare. We submit that a bill along these lines does not afford a subsidy which will guarantee a profit to the American steamship owners.

The gentleman who spoke here this morning picked out that clause in our bill and said that it was contradictory to our plan to provide an equalization subvention. Our statement is, It does not provide a subsidy which will guarantee a profit. We do not believe the American people wish to have steamship men guaranteed a profit. We do not believe he is entitled to be guaranteed a profit. What we do believe is that the spirit of the American people is in accord with placing the American steamship owner upon an equality, simply an equality, with the foreign steamship owner; and the plan which we outline does not offer him any profit; it merely places him, as we believe he is entitled to be placed, on an equality with his foreign competitor. It substitutes Government cooperation for Government competition. We believe that is the true function of Government, to cooperate and aid and encourage private enterprise, and it merely places the owner, as I have stated, upon an equality with the foreign competitor. And, if this be done, we think the courage and enterprise of the American people will be aroused and a substantial American merchant marine will be created.

We submit the bill as the result of a great deal of labor and a great deal of thought by men in New York who have given most of

their lives to business matters connected with shipping and the export of merchandise. We have also provided in the bill that the vessels may be taken over by the Government in time of need.

I want to say one word about the construction of Government supply ships, or colliers. I do not believe the sentiment of the business community of New York or any other part of the country is against the theory of the Government constructing all the vessels which are needed by the Government as colliers or supply ships for naval purposes or for military purposes. We recognize that as a definite need of the Government, and I think it will be very strange and very foolish if business men object to that proposition. If the present bill can be so changed that the money to be appropriated, the \$50,000,000, be expended merely in the construction of auxiliary vessels for the Navy or supply vessels, and those vessels be put up and leased to the highest bidder, we believe they can be leased readily two or three at a time. There will be sufficient competition in this country of 100,000,000 people to entirely prevent any possibility of any combination of steamship owners controlling the rates which will be paid. The competition will be sufficient to secure an adequate return. I do not think the sentiment of the country is at all against the theory of building such vessels as the Government needs, providing they are built to be reasonably useful for commercial purposes, and to allow the Government to own them and lease them to the highest bidders. We believe such a plan will take away the fear in the minds of those interested in the private ownership and private operation of vessels, and in the construction of American yards and of the American investor, that he is going to buy into an enterprise or purchase American securities upon steamship property, that ultimately will get into greater and greater competition with the Government's ownership through the taxing power. It is that fundamental thought which we can not get away from, considering it as we have from all angles, that with all the good will and all the good intentions that this committee have in framing the present Alexander shipping bill, the result of the passage of that bill will be that it will do more harm than good, and that it will prevent the construction of more ships than it will bring into use, and that the net result will be a decrease and not an increase of ships available for the American commerce.

I have finished, Mr. Chairman, the statement which I desire to make. And, as I stated very briefly before luncheon, we have divided our presentation into four sections. Mr. Franklin is to speak from the standpoint of the steamship situation generally. Mr. Strauss has already spoken from the standpoint of the banker's experience in distributing American securities. Mr. Luckenbach will speak from the viewpoint of the coastwise lines. And we have other gentlemen here who will speak from the standpoint of the shippers themselves, interested in the shipping of our goods abroad. If there are no questions which the gentlemen of the committee care to ask, I would like to have Mr. Franklin follow me with his statement.

May I say just this one thing more: The delegations which have sometimes come down here from New York to speak upon merchant-marine matters have sometimes been criticized because they were composed of representatives of foreign steamship companies. I was

conscious of that and suggested when this delegation was composed that we limit our delegation to men who were identified with lines under the American flag and to American shippers; and we have made this delegation as nearly American as possible. You recognize, of course, that it is extremely difficult to find men in New York, San Francisco, or any seaport who are identified exclusively with the American trade, unless it be the coastwise trade. Some of the gentlemen who have come with us to-day are identified partially with the American trade and partially with foreign vessels.

Mr. Franklin is vice president of the International Merchant Marine, which is the largest American steamship company, and while he has a great number of foreign vessels under the ownership of that company he has also some of our very best American vessels.

Are there any questions?

The CHAIRMAN. Yes; I would like to ask you a few questions. You say you are opposed to the principle of Government ownership. Am I correct in that?

Mr. BUSH. We are; yes.

The CHAIRMAN. Were you a member of the committee that came over from New York in 1914 and wanted the Government to go into the insurance business?

Mr. BUSH. No; I was not.

The CHAIRMAN. I remember Mr. Seth Low was, and representatives of the New York Chamber of Commerce and other organizations represented here to-day were here reflecting their sentiment in the matter of organizing a war-risk bureau in the Treasury Department. I assume you will agree with me that that would be a departure from your objection to the Government going into business? It would be, in other words, just as proper for the Government to go into the steamship business as into the insurance business.

Mr. BUSH. No; the insurance proposition was an emergency proposition. The war had been started.

The CHAIRMAN. But, then, the principle does not change, does it?

Mr. BUSH. There is a principle which may be applicable to an emergency measure which is entirely improper for the permanent reconstruction of an industry in this country. We believe that very little, practically nothing, can be done to bring shipping relief in the emergency situation. We believe that the American yards are full. There are 1,000,000 tons, as you stated this morning, under construction, and everything is being done that is possible to be done. We believe the important consideration is that some step should be taken by the Government to encourage the development of a merchant marine under private ownership, so that the American owner can look ahead to a period of years where he can see encouragement and cooperation and not competition; that, as a permanent proposition along those lines, we are absolutely opposed to the principle of Government ownership. To the principle of the Government helping out in an emergency we are not opposed.

The CHAIRMAN. This is the way it has occurred to me—I may be wrong about it—that in that emergency you were willing to waive the question of the Government going into the insurance business because there were no American companies ready to write war-risk insurance; but when the Government undertakes here an initial step

develop the American merchant marine, in the interests of all of the people, unfortunately it comes into competition with private interests and with established lines that are afraid of competition by the Government. And it appears to me that it is not the principle that is in back of this opposition, but it is the conflict of views. That is the way it looks to me.

Mr. BUSH. That is not my point of view, Mr. Chairman.

The CHAIRMAN. I may be entirely wrong myself, but that is the way it seems to me.

Mr. BUSH. My point of view is, and it is our profound belief that the introduction of the principle of Government ownership, instead of increasing the number of ships which will be brought to the service of the American commerce and industry will decrease the number of ships, and for that reason we are against it. In the insurance proposition there was practically no available insurance at that time, and it was an emergency which it was quite proper for the Government to meet. The Governments of other nations had done the same thing, under the same conditions and at the same time. I think the principles are absolutely different.

The CHAIRMAN. I think the principle is the same, but the occasion of invoking it may be different. Of course, in response to that same demand we passed the ship-registry act. I was the author of the provision in the Panama Canal act providing for the admission of foreign-built ships to American registry if not more than five years old, and when the ship-registry act removed that provision and also gave the President power to suspend the provisions of existing law with reference to the watch officers on those ships, that was also in response to the demand on the part of business interests of New York, showing that there has been quite a desire on our part to respond to every reasonable suggestion made by the Chamber of Commerce of New York and other business interests of New York. And we were conscious, at the same time, that when we were projecting a measure in the interests of all of the people we would run up against certain private interests.

Would your organization be willing to support this bill if there is a limitation placed in section 8, under which the Government might operate ships? I want to get your viewpoint. I want to know if you are so opposed to this proposition that you would rather all legislation should fail unless you can get your bill enacted into law? Suppose you fix it at 10 years, a reasonable time. I do not want Government-owned shipping and control—that is, the management of ships—any more than you do.

Mr. BUSH. I think, as I attempted to say before, that the sentiment of the business community of New York and of all parts of the country will agree to the construction of any number of ships, whether it is 50 or whether it is 150, that the Government may require for its own naval or military service; and I think that is an entirely sensible and sound proposition. When these ships have been constructed we do not think that even the threat or power to bring them into competition with private effort should be permitted. Our thought is that the mere threat of a possibility of Government competition will so impress the investor of this country that it will make impossible for the steamship men of New York or any other city to

get the necessary funds to go into the steamship business, and the ultimate result will be that the shipper of the country instead of being supplied with additional tonnage will be prevented from getting tonnage which would ordinarily come to their service.

The CHAIRMAN. Mr. Bush, suppose section 8 were stricken out of this bill and the shipping board would build or purchase ships and offer them for charter, what power would there be in this board to compel a rate that would be reasonable and avoid loss to the Government unless in some form the power is reserved, as in section 8 or in some other way?

Mr. BUSH. The power, I think, which would come to the service of the Government is the ordinary power of business competition. Under an appropriation of \$50,000,000 you can not build more than 50 serviceable ships. It is inconceivable to me, and it is inconceivable to our organization, that if 50 ships be constructed, all American ships, and are offered under charter to the highest bidder—not 50 at one time, but two or three at a time, as the case may be—that in a country with 100,000,000 people, with 6,800,000 tons of tonnage in the coastwise trade and with the constant demand for tonnage in the coastwise trade, there will not be many competitors for those ships, and that the Government will receive not a low return, but even in normal conditions a very fair return upon their ships, providing they are built in such way as to be commercially useful. If they are built as colliers with all the ornamental machinery for handling coal, they would not be a business proposition, but it is perfectly possible to have ships constructed in such a way that they can be converted into merchant ships or auxiliary vessels I am informed by competent people: and if that is so, I believe the Government would be amply protected by the ordinary competitive conditions in their use.

The CHAIRMAN. Then, as I understand, you say if this \$50,000,000 was invested in the construction of ships by the shipping board that there would be no trouble to charter them to private persons, firms, or corporations at a rate that would protect the Government, provide for insurance, depreciation, etc.

Mr. BUSH. I think even under normal conditions, considering the low rate of interest for which the Government can get its money, that there will be no difficulty in getting a return for the use of those ships which will protect the Government.

The CHAIRMAN. You think there will be a healthy demand. Then, if that is true, do you not think it desirable to enact this bill into law if section 8 is stricken out?

Mr. BUSH. No; I believe the mere inclusion——

The CHAIRMAN. I say if it is stricken out.

Mr. BUSH. I have read the bill with a great deal of care more than once, but I would not like to say without further careful consideration.

The CHAIRMAN. That is the section which provides for the creation of a corporation, and, in a certain contingency, the operation of the ships by the Government.

Mr. BUSH. From my recollection of the bill—I do not like to be put on record as approving the bill as a whole—with that section out and without going through it again more carefully, it would provide merely for the Government to build the ships for auxiliary

purposes and to offer them for charter, to which there will be no objection.

The CHAIRMAN. Those provisions are incorporated in section 8?

Mr. BUSH. Yes; that is my remembrance, although I am speaking entirely from recollection.

The CHAIRMAN. I will read it, so that there will be no mistake about it:

SEC. 8. That the board hereby created, if in its judgment such action is necessary to carry out the purposes of this act, may form under the laws of the United States, or of the District of Columbia, a corporation or corporations with capital stock in such amount as the board may prescribe, such capital stock, however, to be within the limits of the appropriations made by this act, whose object shall be the purchase, construction, equipment, maintenance, and operation of merchant vessels in the commerce of the United States and with foreign countries and with Alaska, the Panama Canal Zone, the Philippine Islands, the Hawaiian Islands, or the islands of Porto Rico, Guam, and Tutuila, and the chartering or leasing of vessels for such purposes and for and on behalf of the United States, may subscribe to and purchase not less than a majority of the capital stock of such corporation or corporations.

Mr. BUSH. In principle, with the elimination of that section, and with the elimination of the sections controlling the rates and the licensing of ships, as I recollect the bill, I think we would agree.

Mr. BYRNES. You do not think that the Government ought, through this board, in any way to control the rates or regulate them?

Mr. BUSH. We believe that it would be desirable if the Government could regulate rates in the interests of the shipper and, at the same time, assure the shippers that they will be placed at no disadvantage with the shippers of foreign nations. We believe that it is an exceedingly dangerous principle.

Mr. BYRNES. Some witness here the other day testified that the rates on every line had been increased from 100 to as high as about 1,000 per cent, I think, with the exception of the Panama Steamship Line, upon which line the rates had not been increased.

The CHAIRMAN. Not only on that line, but the rates have not been increased from New York to Panama by any line.

Mr. BYRNES. From New York to Colon?

The CHAIRMAN. I mean to Colon.

Mr. BYRNES. To which port the Panama Steamship Line goes. Do you not think that the regulation by the Government in that instance, merely by having this line in operation, has contributed to the welfare of the shippers of the country?

Mr. BUSH. I do not think that was the controlling influence; I think the controlling influence was the overland rail lines. I do not think that the comparatively insignificant operations of the Panama Steamship Line, when we consider the vast tonnage between the east and west coasts, was the controlling influence. I think the lines operating between the east and west coasts compelled them to keep the rates down, because if they did not keep them down the goods could be moved overland by rail. I think that was the controlling influence. I think it was competition that did that.

Mr. BYRNES. The rates from here to Colon then were not increased because of the fact of the influence of railroad rates and not because of the existence of the Panama Steamship Line?

Mr. BUSH. The rates between here and Colon; yes.

Mr. BYRNES. That is all I stated.

Mr. BUSH. The question, I think, raised by the chairman was the rates between the east and the west coasts.

Mr. BYRNES. The statement that he made was to Colon. Do you think that the fact that the Panama Line was in operation had nothing to do with that?

Mr. BUSH. No; I do not say that. I say the shipments to Colon are insignificant, and that the Government's operations there were a sufficient regulating force. I think the Government program of \$50,000,000 for the construction of vessels to regulate the rates of the world when Great Britain alone has between 4,000 and 5,000 ships engaged in foreign trade under normal conditions—I think the program of \$50,000,000 entirely inadequate to do the same thing which the Panama Canal Line operating between New York and a comparatively insignificant port like Colon did do.

Mr. BYRNES. Do you believe there should be no regulation by any board or commission?

Mr. BUSH. I believe it is a very dangerous program.

Mr. BYRNES. Do you think it is dangerous for the railroads to be regulated by the Interstate Commerce Commission?

Mr. BUSH. I think that is an entirely different proposition, because there you have the entire control of the railroads under the American Government. In the operation of ships you can not bring the world's shipping under the control of the American Government. And if you create conditions here which make it more costly to operate ships to and from American ports, the shipowner is quite different from the railroad. The Pennsylvania Railroad, for instance, can not tear up its tracks and move its operations to some other sphere of influence; it must haul freight between New York and Chicago whether the rates are profitable or not. The steamship owner, if you create conditions which make it unprofitable for the ships to operate in the American trade, can go into any trade in the world, and the result will be the ships may go to other trades and the shippers of this country will pay the price.

Mr. BYRNES. That is based on the assumption that a shipping board, having at heart the development of an American merchant marine, would create conditions that would be burdensome?

Mr. BUSH. If you put into the mind of the marine investor that if he invests in privately-owned ship securities he is going ultimately to meet with the competition of the Government, you are going to prevent the American investors from coming to the relief of the shippers and providing ships. As an illustration I would like to cite my own experience in a case which I think is parallel. The Bush Terminal Co. is interested, among other things, in a series of piers. We started to build quite a series of piers, and our plan was to go on and construct a great many more. At that time the city of New York was building piers on Manhattan Island for the accommodation of passenger lines. Just about the time we finished our present construction the city of New York went down and bought quite an amount of territory near us and commenced the policy of building piers for the accommodation of freight vessels. At that time I had under contract quite a large amount of other property in New York where I intended to build other piers, and I had paid money down on the purchase of the property. I cancelled my contract and stopped pier construction. That may have

been my own individual action, but all over the harbor there have been practically no piers constructed by private pier owners since the time when the government of the city of New York commenced the policy to build piers to take care of freight commerce. The city of New York has not been able to meet the need successfully. It has spent vast sums of money for the building of subways, and it has not been in a financial position, and other things have come up to divert the interest of the officials of New York from the construction of further piers. The result has been that for a period of nearly 10 years pier construction in the city of New York has been at a standstill. The city of New York is now building three piers in Brooklyn, with that exception their entire construction program has been the reconstruction of old piers in New York and the turning of three or four old piers into one larger pier. But that has not added anything to the accommodations for shipping. The result has been that private pier construction has stopped; I have stopped and every other pier owner in New York has stopped building, while the commerce in New York has grown, and, very much to my surprise, I find I have benefited, because the money which can be derived from piers has been increasing by leaps and bounds for the reason that no one can provide enough capacity. The result is that the commerce of New York and the commerce of this country is bearing the burden of paying the increased price of piers. Pier rents would not have increased so greatly if a normal construction program under private ownership had gone on. I think that is a reasonably parallel case where the same principle is involved.

The city of New York has done very little, and the construction of vessels under the administration bill would do very little; but the mere fear put into the minds of the private pier owners that they can not compete with the taxing power has paralyzed pier construction in New York, and the commerce of New York has suffered because of that fact. And I believe the same thing would result if you put into the minds of the American investors that they must meet competition with Government money if they buy securities of privately owned steamship companies.

Mr. BYRNES. You say the mere threat would do it, and I therefore conclude in your opinion that the investors who are now building this unusual number of ships in this country do not even consider the introduction of this bill, with the backing of the administration, as a threat that it will be passed. Is that it?

Mr. BUSH. No, sir; I did not consider that. I consider that the construction program which is now going on is, as Mr. Fahey has stated, in most cases the building of tonnage absolutely required by established services. There have been very few new services established, except such as stated here to-day by Mr. Gibboney, which were purely a speculative development because of war conditions and the unusual profits which are offering. Certain lines which have established services, which need additional vessels, are building those vessels, but I do not know of any large construction program or of any plant which is in process of being enlarged.

Mr. BRUCKNER. Do you think if New York City had built those piers which you state that your rates would have been cheapened?

Mr. BUSH. If New York City had built the piers?

Mr. BRUCKNER. Yes; the piers that they contemplated building. In other words, do you think private capital could not compete with New York City?

Mr. BUSH. I do not think for a moment that private capital would attempt to compete with New York City.

Mr. BRUCKNER. How about municipal ferry of New York City?

Mr. BUSH. The operation of the municipal ferry in New York is a perfect illustration. It was started for Staten Island and South Brooklyn—those territories which could not be served by subways—but the result has been that the several lines of the Union Ferry Co have been taken off because they feared the competition of public money. And the communities and water fronts which were formerly served by those ferries are now without a service. That is another exact illustration of the point which I make.

The CHAIRMAN. In my judgment the people of New York will never come into their own until they can own the terminals there.

Mr. BRUCKNER. And then they will not get half of what they are entitled to, Mr. Chairman.

Mr. BUSH. But you have here an entirely different proposition. I am not standing here as a shipper, for I think the only reason I was appointed chairman of this committee is that I have no financial interest in vessel property; I have not a dollar invested in steamship lines, but I am immediately brought in contact with them. If I were standing here as a shipper, and you said the United States Government might supply all the ships necessary, running up to several billions of dollars, I might say, without any regard to my interests as a citizen and a taxpayer, that such an investment might meet the requirements. The fundamental objection, it seems to me, is that you start out to do a big thing and you do a little thing. You start out to revive the American merchant marine and you build \$50,000,000 worth of ships, which would be a fly spot on the map.

The CHAIRMAN. Would you favor this bill if it were increased to a billion dollars? Is it the amount to which you object which we propose to invest at the start?

Mr. BUSH. I am personally opposed to the principle of bringing the Government into competition with private effort. I do not believe that that is the function of the Government. I think the function of the Government is cooperation with private effort. But, as I have stated, if I were speaking from the standpoint of a shipper without any regard to my interest as a citizen and a taxpayer, I would say my interests would be fully served whether by a Government-owned ship or a private-owned ship; but I would not want the Government to go into a competition which would deprive me of the services of privately owned ships and then not fully supply my needs.

The CHAIRMAN. In the ballot No. 2 in the referendum, the number of votes given on the establishment of a merchant marine—

Mr. BUSH. I am not speaking for that chamber; I am speaking for the Chamber of Commerce of New York.

The CHAIRMAN. I know, but I am wondering how your chamber of commerce would stand on this proposition:

The committee recommends the creation of a Federal shipping board to investigate and report to Congress concerning the navigation laws, and to have full jurisdiction, under the law, in all matters pertaining to overseas transportation.

The vote was 639 in favor of the recommendation and 116 votes opposed.

Mr. BUSH. I do not know how our chamber voted upon that referendum; but I do know the chamber has voted in favor of a shipping board. And it is a part of our bill. I do not think that we are even a member of that association, are we?

Mr. FRANKLIN. No.

Mr. BUSH. But our own bill contains a provision in favor of a shipping board.

The CHAIRMAN. A great deal like our Interstate Commerce Commission when it was first organized, which did not have any power. But we have been giving it power during the last 10 or 15 years. We just thought we would avoid this hiatus by starting this board off with power to exercise control; and it must be exercised wisely, because I agree with you that it is not practicable for that board to make rates in the foreign trade, or anything of that sort. But are you opposed to this proposition which was put up to the constituent members of the Chamber of Commerce of the United States:

The committee recommends that there should be legislation abolishing deferred rebates and providing for supervision of rates by the Federal shipping board, with requirements for filing with the board schedules of rates and all agreements with oversea lines?

Mr. BUSH. We are opposed to a regulation of rates. We believe you are nursing a very delicate child here; and we do not want to see it put on corsets until it has grown up.

The CHAIRMAN. The vote seems to have been 601 in favor of the recommendation and 130 opposed.

Mr. BUSH. We are not a member of that body at all.

The CHAIRMAN. I just wanted to emphasize at this point that your position is at variance with the great commercial organizations of the United States on that question.

Mr. BUSH. We are on that point; yes.

The CHAIRMAN. Then on this proposition:

The committee recommends that Federal licenses should be taken out by lines, domestic and foreign, engaged in shipping between ports of the United States and other countries.

I understand you are opposed to that, and that you reflect the sentiment of the Chamber of Commerce of New York. The vote on that proposition was 610 votes in favor of the proposition and 120 votes opposed.

Mr. BUSH. I call you attention, Mr. Chairman, to the fact that we have not expressed an opinion contrary to that. We have stated that the chamber believes that the provision requiring the licensing of all vessels trading from all ports of the United States should not be enacted without more careful study and a more complete estimate of the probable consequences to the trade of this country. Any provision which may make it more costly or difficult to operate vessels from and to the ports of this country burdens the entire commerce of the country.

And then we go on and point out:

The farmers of the West, for instance, must sell their grain in competition with the growers of Argentina. Any burden upon shipping from American ports which can not be equally imposed upon shipping from Argentina will, in the end, be borne by those who produce in this country the commodities which must be sold abroad in competition with those of other countries.

Our statement is not that we are against that; but we are again this enactment without more careful study and more complete estimates of what it will probably do, not so much to the steamship men but to the shippers and producers of the country.

The CHAIRMAN. You understand, of course, that this provision applies to foreign vessels trading at our ports the same as to American vessels.

Mr. BUSH. Yes; but it does not provide for foreign vessels trading from competitive ports like Argentine or India to England.

The CHAIRMAN. You know a few years ago we reported from this committee a bill which provided that any vessels operating in violation of the Sherman antitrust law might be excluded from our port under penalties. It was said if that bill were enacted into law that those foreign ships would not trade from American ports unless we permitted them to do so on their own terms and in violation of law I imagine there would be a great diminution of the tonnage of the world if it were not that they had the privilege of trading to our American ports. I think we all agree that these foreign lines are supported largely by their profits in trading to American ports.

Mr. BUSH. The commerce of this country is, of course, an important item.

The CHAIRMAN. Yes; and I think they would rather obey the law than to let the ships rot.

Mr. BUSH. Yes.

The CHAIRMAN. I think so.

Mr. BUSH. They may obey the laws, Mr. Chairman; but if any burdens are placed there which will increase their cost, that burden is going to be borne by the man who produces things in this country which must be sold in competition with other countries.

The CHAIRMAN. If this board is composed of men such as you and I think should compose the board, I imagine they would have due regard for the interests of all the American people in this matter; and, while they are vested with large powers under the bill, that they would exercise those powers only to correct abuses and not to impose hardships upon anybody. That would be my conception of their duties.

Mr. BUSH. Might I point out one possibility? It has been repeatedly shown that the pressure of public opinion in this country is always against any advance in rates, whether it be legitimate or not. The pressure of public opinion was against any increase of the rates of the railroads until after years of trial it was brought home to the Interstate Commerce Commission and to the people that they, the people themselves, were suffering because the railroads were not operating on a more profitable basis.

Now, if you will conceive what would very frequently happen to be the case, an advancing rate market and the board had established a rate, we will say, of \$1. through a shortage of vessels, perhaps due to war, or some other temporary condition, the world's rates advanced to a point where tonnage could be more profitably employed in some other trade besides the American trade, say at a rate of \$1.25 or \$1.50. The question would then be with the steamship owner: Shall I use my vessel in the more profitable trade or can I persuade the shipping board to agree to advance the rate where it will put me

on an equality with other trades? The pressure of public opinion is always against an advance of that kind and it is very slow to take effect. The result, in all probability, would be that a substantial amount of tonnage would be diverted from the American trade, just as it has been diverted from our coastwise trade. Many of our vessels which were formerly engaged in trade between the east and west coasts have gone into the foreign trade because they can now make more money there; and if that operation brought about a condition where it was more profitable to operate ships in the foreign trade than in the American trade, the result would be that this country would pay the cost. That is one of the fears we have of a license. I am willing to admit that the time will come when a certain amount of Government regulation can be judiciously and wisely put in force, but to start regulating an industry which you have not created and with very little experience here in this country as to what is a wise regulation, seems to us to be an unsound proposition, looking at it strictly as a business proposition. You should first get your merchant marine and establish it on the high seas, and then when inequalities develop regulate them, but do not regulate it off of the high seas before you get it.

The CHAIRMAN. That is where we made the blunder with reference to the railroads. If we had enacted the law 30 years ago vesting in the Interstate Commerce Commission the power to supervise the issuance of stocks and bonds by the railroad companies, there would be no occasion to-day for an increase of rates.

Mr. BUSH. Possibly that is so, Mr. Chairman.

The CHAIRMAN. We do not want to lock the stable door after the horse is stolen; we want the regulation to go along with the up-building of the industry.

Mr. BUSH. I might also call your attention, along the same line, to the fact that the practical result of the various regulations which have been established by the Interstate Commerce Commission has been that no new mileage has been built.

The CHAIRMAN. No; I do not think that is correct. There has not been the demand for new mileage that there was formerly.

Mr. BUSH. I think our great western country is suffering because new mileage is not constructed. New mileage has only been created, or largely created, by established lines which had an established earning power and which could sell their securities. That has been the result of the situation, though I prefer not to be drawn into a discussion of it, because I think much of the regulation by the Interstate Commerce Commission has been eminently wise and successful, still at the same time it was established after we had created our transportation system.

The CHAIRMAN. The difficulties of the West—and I am more familiar with the conditions there than I am in the East—with the Rock Island, the Frisco, and these other lines have not grown out of the fact that they did not have reasonable rates, but on account of the manipulation of the roads by stockjobbing concerns.

Mr. BUSH. That is quite a different proposition; that has nothing to do with the proposition under consideration.

Mr. HADLEY. You say you estimate 50 ships can be built for \$50,000,000, serviceable and merchantable ships?

Mr. BUSH. I am estimating roughly that 10,000-ton ships would cost \$100 a ton.

Mr. HADLEY. Taking that as a basis, are you able to state, referring to the third provision in this bill, 11865—I have not had an opportunity to read it—in the matter of construction the difference in the cost of construction here and abroad of a type of ship that you have in mind—for 50 ships?

Mr. BUSH. I do not believe that that bill, if passed, would be operative, or would need to be operative at the present time. I do not believe there is any difference in the cost of construction at the present time.

Mr. HADLEY. I mean under normal conditions.

Mr. BUSH. Under normal conditions, I think, after the war it would be a bold man who would attempt to prophesy what it will be. I think one person's opinion would be as good as the opinion of anybody else; but, I say, after our shipbuilding industry develops it is going to decrease the cost very much, and if we can build up our shipbuilding industry it will not only create something for building ships for ourselves, but we will build ships for other nations of the world. There are many countries who do not have shipbuilding yards who would come to us for the construction of their ships, if the opportunity offered, at proper prices.

STATEMENT OF MR. P. A. S. FRANKLIN, OF NEW YORK, RECEIVED OF THE INTERNATIONAL MERCANTILE MARINE CO. AND PRESIDENT OF THE ATLANTIC TRANSPORT CO., OF WEST VIRGINIA.

Mr. FRANKLIN. Mr. Chairman and gentlemen, we are the owners and operators of American-flag steamers as well as foreign-flag steamers, and as practical men in the shipping business we would most heartily welcome the United States taking any action which would tend to reestablish the American flag on the high seas in the foreign trade and commerce. The importance of the import and export business of the United States is such that they certainly should have an important merchant marine of their own to carry their own products.

We, however, feel that this bill does not deal either with the present emergency nor does it create a practical policy for the upbuilding of the American merchant marine in the foreign trade.

We also fear that anything bordering on Government ownership or Government operation will destroy the incentive of the individual and the corporation to enter the shipping business.

We further feel that the building up of an efficient American merchant marine can not be done by the construction of any specific number of ships. It should be some general policy, which would be creative of ships for general purposes built in the United States, in order to gradually reduce the cost of construction in the United States versus foreign countries.

As far as the board proposed by the bill is concerned, we are heartily in favor of such a board. We feel that this board should have certain definite instructions and that it should be in charge of and given jurisdiction over the administration of all the laws of

the United States pertaining to shipping. We feel that this board should investigate thoroughly the present conditions, laws, rules, and regulations and then make their recommendations as to the best course for the United States to adopt for the upbuilding of the American merchant marine.

We consider that the bill, No. 450, providing for a board, which your committee introduced after a very careful investigation of all the shipping conditions, is a very fair bill. We feel that there might be some slight modifications as to the control over rates that the board would have immediately before they had had an opportunity of thoroughly studying the situation and becoming conversant with it.

The CHAIRMAN. You mean the bill H. R. 450?

Mr. FRANKLIN. Bill 450.

The CHAIRMAN. The bill which I introduced in this Congress?

Mr. FRANKLIN. That you introduced. This problem is a very different one from that of the railroads. It is a question of a local problem versus this, which is an international trade problem. It would be a very difficult thing, we feel, for any board to undertake to dictate the rates of freight for foreign commerce when you have not sufficient ships to carry all of your own commerce. When you make a law or a rule or a regulation for railroads, it falls equally upon them all, it falls equally upon all the carriers interested in that particular branch of business. But if you make a law, a rule, or a regulation in the international trade that does not apply to other countries that are in competition with this country in the commerce of the world and thereby place any burden upon the commerce of the United States that is not at the same time placed on the commerce of other countries with which you are competing, you are putting a handicap on your own trade and commerce.

Personally, I feel that if the rates were regulated or dictated that the shippers would suffer a great deal more than the steamers. The tramp steamer is the great regulator of rates on the bulk traffic and the bulk traffic brings a large number of steamers to the ports. The merchants of this country depend largely upon the regular line steamers for their regular trades. If you are going to regulate the rates of freight on regular line steamers and not on the tramp steamers, you will gradually drive out the regular line steamers, and I think all of the merchants of the country will tell you that what they particularly need are the regular services upon which they can rely and with which they can make contracts covering a period, so that they can sell their goods for six months or a year ahead of time and make a contract accordingly.

The CHAIRMAN. If you had read the recommendations of this committee following the investigation of the shipping combine under House resolution 587, out of which this bill H. R. 450 grew, you would see that we do not make any such recommendations as that to regulate the rate—

Mr. FRANKLIN. You misunderstood me. I am heartily in favor of the report of the committee and also bill 450.

The CHAIRMAN (continuing). And if the shipping board would undertake to do that I agree with you it would be a very unwise thing to do.

Mr. FRANKLIN. Yes; and I think it would be more detrimental to the business of the country and the merchants of the country than it would be to the steamers, which can go into other trades.

The CHAIRMAN. I agree with you it would be unwise.

Mr. FRANKLIN. I think so far as we are concerned, as we stated before your committee previously, that we are heartily in favor of a board sitting here in Washington to which all agreements will have to be submitted and which can make any investigations they wish regarding the rates of freight or other conditions wherever they think something is being done that is unfair or unreasonable from a commercial point of view.

The \$50,000,000 for the purchase of tonnage would probably buy only about 50 steamers, which would not begin to supply the tonnage requirements and would certainly not be in keeping with the size and dignity of the United States, and particularly in connection with this very large and important international and commercial subject. If those steamers should be constructed as auxiliaries for the Army and the Navy and this board would take up the question with the commercial interests and the steamship people and endeavor to purchase steamers that would be useful commercial steamers and, at the same time, answer the purposes of the Army and the Navy, and then let those steamers to the highest bidder, it would put those steamers in exactly the same position as other steamers constructed by private individuals or owned abroad or otherwise; because then the people interested in shipping would bid on those steamers for time charters just as they do to-day. We quite appreciate the importance in the direction of preparedness that the present position is a serious one and that the United States should have a great tonnage under its control; and we feel it could be done in that way and would not be detrimental to the trade and commerce of the country. If the United States should construct 50 steamers to be put into trade, it would be a most difficult matter to divide those steamers among the coasts of the United States, the ports of the United States, the shippers, and the steamship agents in each port. It would be a very serious and difficult problem.

I have covered before the question of auxiliaries and colliers for the Navy and the Army.

The only further suggestion I have to make upon that point is that if there are any colliers or auxiliaries of the Navy to-day that are not in service they could be loaned to the Belgian relief fund, which is a neutral body. It is feeding the Belgians through Rotterdam, and they are chartering steamers and paying very high prices for them and are using steamers that could be used for commercial purposes, and if the United States now has any of those steamers that are idle it would be a very excellent way to employ them.

Mr. LOUD. We have an adverse recommendation on that very proposition from the department that just came over yesterday.

Mr. ROWE. From the Army or the Navy?

Mr. LOUD. From the Secretary of the Navy and the Secretary of State.

Mr. FRANKLIN. Whatever the reasons are that the Navy might have, that is an entirely different proposition; but if they are idle to-day, from a practical point of view, it seems to me that it would be a very useful way to employ them.

Mr. LOUD. I saw a copy of the report which was just submitted to-day.

Mr. FRANKLIN. They have some reason!

Mr. LOUD. They have given all of the reasons.

Mr. FRANKLIN. Then it can not be done!

Mr. LOUD. Yes. It was in response to a resolution introduced by me.

Mr. FRANKLIN. As regards the selling restrictions of the bill, that is an exceedingly important matter when nations are at war, but under normal circumstances and conditions it does not seem to me that it is a desirable regulation or law. If it had existed at the time of the Spanish-American War the United States would not have been able to have accomplished in such a short time what they did. If this country were a large owner of tonnage, and therefore probably not entering the market for tonnage, this would be a different matter. My suggestion with regard to that is that the board should be instructed that, so long as the present abnormal conditions exist, this regulation should remain in force; but if it is found by the board that other nations are willing to have their steamers sold, if the English ships can be purchased, then we should open our regulations so that our steamers could be purchased. That would add to the value of the shipping property from an investment point of view.

Mr. ROWE. You mean as to the regulation against the selling of vessels without the consent of this board?

Mr. FRANKLIN. I mean that if you had somebody willing to loan you money with which to build a ship, and you must admit that in case you find the business you are constructing it for has disappeared—the business is a fluctuating business, it is a question of supply and demand—and you have constructed a steamer, but there are other branches of trade where the ship could be used advantageously and you have not the right to sell it, naturally the men from whom you are anxious to borrow money become nervous about their collateral. It may be on your hands, with no business for it, and yet you would not be able to sell it. And should the Government enter in a specific trade it would be practically impossible for private individuals to increase their interests in that trade, as they would not be able to get the money to build the ships for the trade.

One of the most unfortunate features of the bill is that the present interstate commerce laws should be applied to ships. All steamers are not alike. They are just as different—even sister ships differ—as the children of a family, and more so. And, in addition to that, certain steamers are constructed to carry passengers; others freight; certain steamers can be loaded with a cargo measuring so much a ton, and others at a lower or higher average measurement per ton. And it is impossible for steamship lines to be in a position where they have to take everything that is offered them or that they must continue to do so at a certain rate. They have their capacity, and their capacity is booked for that particular line of traffic and that particular nature of traffic; and they must go out of the market for that and go into the market for other things; they must take so much grain and so much cotton; so much lead and so much cotton and so much hay; they must counteract the dense cargo with the light cargo. It is a complicated, intricate business, and the international features make

it very different from the railroads; laws perfectly proper and applicable to the railroads would be most unfair and unreasonable and detrimental to the commerce of the United States if applied to shipping.

In regard to the question of licenses, I am not quite clear as to the intention in regard to that. From the bill it appears that not only the steamship agents and operating companies but the individual ships would require a license. Now, would that license be for that trade or all over the world?

The CHAIRMAN. The trade from American ports.

Mr. FRANKLIN. And of course it would have no bearing elsewhere.

The CHAIRMAN. No. We would have no jurisdiction, I imagine, except over vessels trading from American ports; but if this company operating ships in other ports were to operate them prejudicially to American commerce that might give this shipping board the occasion and the power by this bill to revoke their license to trade from American ports.

Mr. FRANKLIN. Then, again, instead of the American investing his money in the American-flag ships, he would invest in a ship owned in Belgium, France, or some other place where he could operate it, without those handicaps and onerous regulations. Now, if the United States is going to pass a shipping bill it should be something that is going to assist shipping and to tend to build up the shipping in a general way and not in a specific manner. If we have licenses and other regulations that are not imposed by other nations, then your rates of freight, for the sake of argument, from the United States to South America are going to be higher than from England and Germany to South America. Steamers are free; the commerce of the world, generally speaking, is free. It is international. It can not be regulated simply by the United States and not by other countries, except to the disadvantage of the United States. Therefore, as I have stated before, I do not quite grasp how broad the license feature would be. But it is dangerous from my point of view.

The CHAIRMAN. You do not think that the commerce of the United States is sufficiently inviting to a foreign ship line to induce that line to conform to the reasonable regulations or rates that might be imposed by this shipping board?

Mr. FRANKLIN. That line will conform to all of the laws and regulations of the United States so long as it can make more money by coming to the United States than it can make by going to India, China, Japan, Australia, New Zealand, South Africa, or other places in the world. There are a great many lines of steamers, and very important lines of steamers, that do not come to the United States. The United States has not and never will have enough steamers under its own flag to carry its own commerce, and it should draw at the lowest possible rates from the tonnage of the world. If you inaugurate a shipping board, and that shipping board investigates the situation, it will find that during the last 10 years the commerce of the United States has been carried across the North Atlantic at a lower rate per mile than commerce has ever been carried in the history of the world. That is carried by foreign steamers. If you

are going to impose burdens on those foreign steamers, they will go elsewhere; but those steamers that come here for purposes of their own, which have been constructed particularly for this trade and can not go elsewhere, will continue to come here, and they will continue to comply with your laws. But you will be increasing the cost of delivering your goods to the consumer.

The CHAIRMAN. You are assuming this board will be so blind or stupid as to invoke regulations that would accomplish that end?

Mr. FRANKLIN. No; I am not assuming that. I am in favor of the board. I believe that the board will be reasonable.

The CHAIRMAN. Would it be worth while to have a board and just pay salaries to them and not give them any powers of supervision?

Mr. FRANKLIN. No; I think the board should have absolute power of supervision. I feel the board, after they investigate the matter thoroughly, if they feel a steamship company is doing anything unreasonable, should have the power to correct it.

The CHAIRMAN. That is what the provision is intended to do.

Mr. FRANKLIN. I think H. R. 450 covers that.

The CHAIRMAN. We have tried to avoid the difficulties you have in mind in this bill.

Mr. FRANKLIN. As I told you before, in testifying before the committee at that time, I was never opposed to that. I feel that the United States, with its tremendous commerce, must have somebody here in Washington before whom the shippers can make a plea; that they can put before them anything that they think, in their opinion, has been an unreasonable act on the part of the steamship company or steamship operators. But I feel that it would be a very serious mistake to pass any bill which includes a reference to the interstate commerce act. The conditions are absolutely different. One is a local and the other an international question and can not be dealt with as are the railroads.

The CHAIRMAN. If the provisions of section 9 were stricken out of this bill and the provisions of H. R. 450 inserted in lieu of them, you think that would make a better bill as far as regulation is concerned?

Mr. FRANKLIN. I say that that would make a decidedly better bill, to be coupled with the elimination of the license feature.

The CHAIRMAN. I hardly think there would be any reason for the license feature in that event: that is, if the provision of the House bill No. 450 were incorporated in this bill and section 9 stricken out.

Mr. FRANKLIN. My position has always been it is foolish to argue against a board. The United States should have some board of this kind. That board should study the whole shipping problem. It should make its recommendations; it should be a board similar to the British Board of Trade. It should have control over all rules and regulations, measurements, inspections, and everything else now covered by the Department of Commerce. It should be the United States authority regarding shipping and the authority in control.

I do not know whether I have made it sufficiently clear about the damage that I fear might be done to the commerce if the rates should be too severely regulated; but if there are any questions on that, I shall be glad to answer them.

I thank you.

**STATEMENT OF MR. WILLIAM H. KNOX, OF NEW YORK,
PRESIDENT OF THE WILLIAM H. KNOX CO.**

Mr. KNOX. The William H. Knox Co. is a New York corporation engaged in the export and import business and dealing in most of the large markets of the world for the last 25 years.

The CHAIRMAN. In what class of merchandise?

Mr. KNOX. All kinds of American manufactured goods and raw materials; everything from clothespins to locomotives—wheat, cotton, lumber, pig iron, steel rails, or any other commodity for which we can find a market abroad. It occurs to me that I am occupying rather an embarrassing position, for the reason that, I dare say, I represent the very large class of business men in this country whom the Government is endeavoring to help. For many years we have fondly hoped that something would happen whereby we would have a restoration of American shipping on the high seas. We have heard a great deal about proposals here to-day, but very little about effective measures that would bring about the result so much desired.

As a general proposition, I dare say, the shippers of this country would welcome any efficient relief that would be afforded, provided there was some clear understanding as to the methods by which that relief would be exercised and its operation in the general business interests of the country. We have heard quite a bit to-day about what I would be pleased to call "individual interests"; but I have yet to hear any broad discussion of some of the most important points that to my mind would affect the shipper and, particularly, the men who have to deal with foreign markets. The remarks of Mr. Gibboney this morning would not be accepted by any shipper as any sound reasoning, or, in fact, offering any relief for what is confronting us. In fact, everything he had to say, to my mind, seemed to be predicated on the continuing of present conditions. It may be true that he has money to buy all of the ships that can be found, at any old prices. If it be true that he is willing to build any number of ships at any price he can get for them, if it be true that he is prepared to take 100,000 tons of steamships from the United States Government on a guaranty of 6 per cent net and pay for the use of such vessels, depreciation, insurance, and all of those charges in a fluctuating market in which he has to compete with this commerce. I should say that the very point for which he was striving was to try to maintain the conditions that exist to-day. But there is absolutely no relief in what he suggests: it does not contribute 1 ton of tonnage to the commerce of the world. He offers a most beautifully painted rainbow which could not last unless he proposed or assured or guaranteed to the Government that it should have a fair return on its money. As I view the proposition in a broader sense, we want some effective relief, workable methods that would make the American manufacturer and producer escape from the throttling methods to which he is being subjected to-day.

A word as to methods. Under this proposed legislation in theory we seem to have something that offers tangible relief. We are, however, very largely concerned, as shippers, as to what effect the operation of this proposed bill would have upon the merchandising of our American products. I fail to see where Government ownership could, by any possibility, bring about an effective and permanent

relief. What we all recognize to be the crux of the question is the scarcity of tonnage. I fear that such Government-owned ships would very severely counteract upon the investment of private capital in the several lines of business. To put it briefly, I fail to see how the Government can compete with the business men of this country, but I am not perhaps quite as clear in my mind that it is the intention of the Government so to compete. On that point we would like information.

The CHAIRMAN. We have tried to make it as clear as we could, but there is a persistent disposition to misunderstand. I think I am warranted in making that statement. I do not think certain interests want to understand our position in this matter. If there is anything emphasized in this bill, it is that only in those instances where private enterprise will not come in and furnish you with accommodations, as a shipper, an importer, and an exporter, that then the Government might help you.

Mr. KNOX. Quite true.

The CHAIRMAN. Do you object to that?

Mr. KNOX. I only asked for information. It is not clear in my mind as to whether the Government does intend to compete with private capital.

The CHAIRMAN. On the contrary, the Government does not intend to compete.

Mr. KNOX. Very well, sir.

The CHAIRMAN. But if you are indifferent to help, of course, that is another matter. I admit the Government is trying to do something for you in the way of a working measure.

Mr. KNOX. We are, however, I think, opposed and object emphatically to the operation by the Government of steamers engaged in foreign commerce, for the reason that I fail to see how any Government control or attempted control of such a situation would do otherwise than to affect detrimentally the shipping interests of the country. I do not mean by that the steamship men; I mean the shippers who are providing cargoes for the vessels which you, I hope, will be able to give us.

The CHAIRMAN. If by any sort of magic the Government could create a tonnage of 100 ships of 5,000 gross tons, which would be about 7,500 tons dead weight capacity, to engage in the foreign trade, you would not oppose that, would you?

Mr. KNOX. Not at all, sir, if I were sure that the tonnage would be distributed properly to meet the exigencies of that trade. The ramifications of this foreign business are so many and so great that while we gladly accept the regulations as to rates, we would equally be most desirous of being assured that together with the regulated rates we would have the requisite tonnage.

The CHAIRMAN. That you would get your share of the tonnage for your business?

Mr. KNOX. Of course we will assume that our legislators will endeavor to give us that tonnage; but I am now trying to point out in some practical way how possible conditions confronting us in the future may affect the shippers in that respect. I do not think it would be at all profitable to attempt any discussion—certainly not on my part—as to the conditions that exist being abnormal conditions to-day. We are between the upper and the nether millstones. We

could very largely increase our business to-day with the tonnage to carry the freight; but unfortunately that tonnage is most largely used to-day in the transport of freights which do not perhaps come within the province of my particular line of business. If the 50 per cent of the enormous amount of tonnage now doing a trans-Atlantic business in the carriage of government supplies, etc., could be diverted to the ordinary channels, we would have very speedy relief from the congested and impossible conditions at present.

The matter of the regulation of rates is something that would appeal to us greatly; but as a shipper I would like to know how the Government, by any possibility, could fix rates under which I could operate. For instance, in the ordinary course of business we will be asked to name a price and on all large commodities such prices are quoted abroad on what we call a c. i. f. basis; that is, cost, insurance, and freight. Suppose we have to quote on such a commodity, and we have been told by the Government that the rate, say, will be \$10 per ton. Now, I want to make a contract for the shipment of my stuff. Say it is the month of March and I want to make a contract for the shipment of my stuff next September. I go to the shipping people and am told the rate will be \$10. I want to make a contract. They refuse on the plea that they may have more profitable freight offered them before September, and that they may be full to their carrying capacity at present of the commodity which I have to offer; so they do not find it convenient to trade with me. I would then be in a position of being unable to go elsewhere to seek freight space. You would very likely be attempting to establish a fixed value on what must always be a purchasable commodity, just the same as wheat, corn, or any other line of merchandise.

In the case of a declining market the shipper would be in the position of having to contract for freight which two or three months later would have been carried at a lower rate; and the fellow who comes in afterwards—I am still dealing, if you please, with Government rates or regulative rates—would be taking the business. In the case of a rising market, I am afraid our good brethren in the steamship business would find it convenient to shut out our freights because they could get higher rates later on. At present, under normal conditions, when we have all the shipping facilities at our command, of the world (it is simply a question of price), we are able to make trading arrangements and individual contracts and the trade is sealed and closed. To-day, of course, we can not do that, we are living from hand to mouth, and there are 29 different rates for 29 different ships that go to the same ports, and everything is in a state of chaos and the only relief would be increased tonnage.

The CHAIRMAN. You are talking about conditions that I do not think anybody imagines would exist if this bill becomes a law, unless we assume the shipping board would not be men of average common sense.

Mr. KNOX. We are in favor of a shipping board, Mr. Chairman, and that they should exercise control over any and all questions pertaining to foreign commerce and thereby prevent any unreasonable restraint of trade, etc. We would be in favor of the construction by the Government of auxiliary vessels that would be useful for commercial purposes; but it occurs to me to suggest that perhaps these

vessels could be constructed primarily for commercial purposes and secondarily for military purposes.

The CHAIRMAN. That is just what this bill provides for. It says that they shall be leased, sold, or chartered to private purchasers, firms, or corporations of American citizens.

Mr. KNOX. I understood the bill to say that they should be constructed for military and naval purposes first.

The CHAIRMAN. Oh, no; it does not. It says that they are for commercial purposes but they shall be, of course, available as naval auxiliaries in the event of war, when the Government may take them over.

Mr. KNOX. On the matter of licenses, there are several very important trades that, to my mind, would probably suffer. In the case of bulk-cargo freights where we would be chartering foreign-owned tonnage it might suit the interests of this country to refuse to license such a boat, in order that such cargo would go into American bottoms. The probable consequence of that would be that our foreign competitors, manufacturers, and shippers would have an increased volume of tonnage at their command which would in turn permit of their shipping their commodities abroad at a lower freight rate than we could in American bottoms. Great Britain alone has over 4,000 steamers available for their commercial purposes. If it be true that we have in this country to-day some two hundred and odd under construction, no immediate relief in the way of increased tonnage would, of course, be available for several years to come. On the other hand, if it were possible for the Government to accomplish the same purpose by devising means whereby these individual builders and those who would like to go into the construction of ships, shipyards, etc.—if it were possible for the Government to devise means whereby such interests could obtain the use of capital and have such capital employed in those industries, such money could be properly safeguarded by the issuance of mortgages, as we have heard; and in the case of this \$50,000,000 that you propose to appropriate, that may serve as a nucleus for three times the amount that would be available if you go into the business of operating ships.

Mr. BYRNES. You do not mean by that to lend the money to the shipbuilders for the purpose of building ships?

Mr. KNOX. Yes; just as in the case of the railroads many years ago. In the matter of the equalization of the construction cost, I firmly believe that world-wide conditions are such to-day that there would be very little or in fact none at all. And later on when we meet the competition of foreign shipbuilding, I also have it pretty clearly fixed in my mind that we would be building foreign ships before many years. We certainly have the material and we only need the necessary impetus to get started in the business in a large way to permit of our competing with the foreign shipbuilders.

In the matter of the equalization of operating costs, I should think it ought to be possible to devise some scheme whereby a very small tax imposed on the freight moneys earned by those boats could be utilized for the purpose of amortizing the funds that might be advanced by the Government for the purpose of equalizing the costs of operation. I also believe that the cost of operation will grow materially nearer to the foreign cost. One of the very things you

perhaps are advocating in this measure would be to bring about just such a condition as that. And I would be in favor of a shipping board, but it looks to me that the perplexities of many of the questions they will be called upon to handle, are perhaps too little recognized by the majority of people. We are treating of international commerce to all of the many foreign deep-water ports of the world. The rates of freight vary, the conditions under which vessels are operated vary, the matters of insurance, the regulations affecting transportation of the freight, and all make it a most complex proposition. Whereas to-day I can call an expert on admiralty law on the telephone, or can call an expert in insurance on the telephone, and I can get hold of my steamship man and get a rate of freight in one minute, and close up my transaction, I am afraid that I would be all at sea if I were to attempt to do my business by having in mind that I must work on a rate that was fixed by a board in Washington and which I could not reach perhaps without coming down here. I could not do very much business if I had to wait upon my friends in Washington, because in these days of stress and strain we do a vast volume of business by cable. It is touch and go, and the man who has the goods and who has the freight, and who can make a quick trade is the one that gets the business.

The CHAIRMAN. Right at that point, Mr. Knox, I do not suppose any man who would serve on the board and has studied this question would for a moment think of fixing a rate in the foreign trade that it would be necessary to have changed by authority from Washington.

Mr. KNOX. Would not that be the idea?

The CHAIRMAN. These difficulties you speak of do not grow out of this legislation. They are good, sound, economic principles applied to the foreign trade and I thoroughly agree with you. But I do not see where, if this bill were enacted into law, it would be an obstacle in carrying out those very sound principles you are speaking of now.

Mr. KNOX. I have attempted to show these regulatory provisions, sir. We have to start on some basis. We will take a concrete instance: The shipping board says the rate shall be \$10—

The CHAIRMAN. I say that while they have general powers under this bill with reference to commerce I do not suppose they would insist that there should be a certain schedule of rates in the foreign trade filed with this board, and then they could only be changed on notice, and all that. If they did, I think it would be unwise for the very reason that you state.

Mr. KNOX. The board would, of course, take into consideration in the fixing of the rate that it was, and would be, made having in mind the world-wide competition that would be brought against such a rate.

The CHAIRMAN. But if this line were to discriminate against you in favor of another, would you object to that?

Mr. KNOX. I would naturally oppose any discrimination.

The CHAIRMAN. Then you would want the board to correct that?

Mr. KNOX. Oh, this board should have the power to control such matters.

Mr. BYRNES. You would not object to the provision that the board should regulate through rates, as is provided in section 9 here?

NOX. Not at all, sir.

YRNES. You think they are a good thing?

NOX. There is no provision in this same function of the board that has not yet been touched upon and which is of very great importance. You make a reference there to the power of the board to establish preferential rates. That, of course, in its last analysis, is the exercise of a protective principle. In some lines of industry, notably iron, steel, and cement, the occasion would arise when conditions reached normal, when we would be unable to compete with the foreign manufacturers on account of the difference in freight rates; and it might suit the Government and certainly suit the manufacturer and producer to have a freight rate on a preferential basis that would assist us in marketing our products in competition with the world. The foreigner does nothing to-day.

YRNES. Your idea is that a board appointed and constituted for the development of a merchant marine would injure it, and that you oppose it?

NOX. No, sir.

YRNES. Do you not think that a board constituted as that would be would not do the things that you say now it is possible they would do, but that their purpose would be to build up a merchant marine instead of to destroy, and, if animated by that it would be a very good body instead of an injurious one?

NOX. That is perfectly proper, sir; if you say that board as established and proposed would have for its purpose, as we recognized, the honest endeavor to build up an American merchant marine and to facilitate the sale abroad of American manufactured and American products.

YRNES. That is all it is; that is the sole purpose of the bill. NOX. All we are anxious to know would be, in the proposed bill, of the methods to be employed, whether or not our interests would be affected adversely thereby. I say there are some interests that do not appeal to us, and we fear them.

YRNES. Is not this true, that that is the purpose of the bill and your idea is that the board in the exercise of its power to do something to injure you? Is not that true of all boards, a board constituted for the purpose of developing an industry would thereafter take it into its head to destroy the industry? If you injure it, do you not think it is far-fetched to imagine any board appointed under this bill would set to work to injure an industry instead of to build it up, when the purpose of the bill is to develop it?

NOX. I agree with you there.

YRNES. Then why indulge in the realm of fancy as to what they might possibly inflict upon you?

NOX. Because I have no assurance now—

YRNES. The railroads have no assurance that the Interstate Commerce Commission might not promptly promulgate a rate that is absolutely confiscatory; but they do not do it.

NOX. That would be an entirely different proposition, sir, dealing with local matters as compared with international.

YRNES. Is it not true that the railroads did believe that the

Interstate Commerce Commission would destroy them? But instead of that we find them now looking to the Interstate Commerce Commission to protect them against the State railroad commissions.

Mr. KNOX. Their objections to the work of the Interstate Commerce Commission were not founded on the same reasons I have been trying to express.

Mr. BYRNES. They were founded on the principle they were just afraid of regulation; that at heart they were afraid of any regulation.

Mr. KNOX. I do not protest against regulation. I protest against what I consider to be sound reasons why such regulations would adversely affect my interests as a shipper of merchandise.

Mr. BYRNES. What is the particular regulations that you insist would naturally follow the passage of this bill?

Mr. KNOX. You mean my first one?

Mr. BYRNES. Yes; that would necessarily follow the passage of this bill. What regulation?

Mr. KNOX. What regulation that would immediately follow the passage of the bill?

Mr. BYRNES. Yes; would necessarily follow—that you think the board would necessarily put into effect?

Mr. KNOX. I am not competent to say what the board might do. I have a fair understanding of what the bill might provide for.

Mr. BYRNES. You believe it would injure you?

Mr. KNOX. No; I have not said I thought it would injure me.

The CHAIRMAN. In section 9 it says:

The board hereby created shall have the power and authority to regulate the operation of all corporations, firms, or individuals engaged as common carriers in the transportation of passengers and property by water between the ports of the United States and not entirely within the limits of a single State and between the United States and foreign countries.

Are you opposed to having such power as that vested in the board?

Mr. KNOX. The regulation of rates?

The CHAIRMAN (reading):

Regulating the operation of all corporations to determine and prescribe just and reasonable rates or charges to be demanded or collected for the transportation of passengers and property in such trade; just, fair, and reasonable classifications, regulations, or practices to be followed with regard thereto.

Mr. KNOX. I would be in favor of the board exercising any reasonable provision that would protect the shipper in the matter of rates and shipping regulations.

The CHAIRMAN. They are simply given that power.

Mr. KNOX. Yes.

The CHAIRMAN (reading):

Provided, however, That the board may prescribe preferential rates covering the transportation aforesaid if in its judgment such rates are necessary in order effectually to carry out the purposes of this act.

Mr. KNOX. I would be in favor of that, sir.

The CHAIRMAN (reading):

And when property may be and is transported by common carriers from a point within the United States to foreign countries or to and from the Territories or possessions of the United States, the carriage being by railroad or railroads or other means of transportation, within the United States, and a vessel or vessels operating under American registry or enrollment, the board

is hereby authorized to determine and prescribe through routes between and over such rail-and-water lines, and just and reasonable joint rates or charges to be demanded and collected for the transportation of property over such routes, and to determine and prescribe just, fair, and reasonable classifications, regulations, or practices to be adopted and followed in regard to such traffic, including the issuance and form of through bills of lading and permits for shipments for specific sailings, which shipments are hereby expressly authorized.

Do you object to that provision?

Mr. KNOX. Not at all, sir.

The CHAIRMAN (reading):

Provided, however, That the board may prescribe preferential rates covering the transportation aforesaid if in its judgment such rates are necessary in order effectually to carry out the purposes of this act.

In other words, just a case where you instance of competing on some particular product with a foreign competitor, and the difference really is the rail rate from, say, Pittsburgh to the seaboard. Under that provision the railroad company could quote you a rate that would enable you to meet that foreign competition and not violate the law. Are you opposed to that?

Mr. KNOX. No.

The CHAIRMAN. What I am curious to know is just where you object to this:

Provided, however, That the board may prescribe preferential rates covering the transportation aforesaid if in its judgment such rates are necessary in order effectually to carry out the purposes of this act. And whenever the carriers between and over whose lines joint routes have been established as prescribed aforesaid shall fail to agree among themselves as to the apportionment or division of the joint rate prescribed by the board as aforesaid the board may, after a hearing, prescribe the just and reasonable proportion.

That is, just simply how much interest it should have. Now, that is the whole of it; that is the very provision in this bill.

Mr. KNOX. But we have yet to learn, Mr. Chairman, how the shipper is going to get his tonnage under the proposed workings of this bill.

The CHAIRMAN. I am talking about the regulatory features now, and you have assented to every one of them.

Mr. BYRNES. That is what I am asking about—the regulation; that is the object of those features in the act. It is another question of how you are going to get the tonnage. As to the regulation, then, you have no objection to this bill?

Mr. KNOX. None whatever on that point.

Mr. BYRNES. I am sorry if I caused you to lose the thread of your remarks. When I interrupted you you were going to say as to where he would get his tonnage, which is another question.

Mr. KNOX. Mind you, I am not discussing the question on the basis of present conditions. The mildest term I can apply to that is that it would be impossible; our commerce is suffering from a lack of ships. We, as a Nation, are primarily responsible for that condition. We should perhaps confine our attention to normal conditions which we will assume will exist at the close of the war. Every indication points to the fact that this country, as it undoubtedly is today, will for a number of years after the cessation of hostilities in Europe, be the largest producer of raw material in the world. The greatest bulk of the ocean-borne commerce is going to be moved

eastward and westward from our Pacific and Atlantic coasts. The demands for what this country can produce in the way of raw material is simply impossible perhaps to predicate. We recognize the tremendous volume of trade that is coming to this country without any preparation of any kind for its ocean-borne carriage.

Mr. BYRNES. Let me ask you this: That being so, if it is impossible to pass a bill through this Congress granting a subsidy, is not opposed to its taking the step provided for in this bill?

Mr. KNOX. Except that I do not see how it affords any relief.

Mr. BYRNES. The idea is that you would rather have nothing done than to have this bill passed?

Mr. KNOX. Not my idea would be that the Government would find any means to provide the business men of this country with ready money, under proper safeguarded securities, and let business men go into the business of building ships, and constructing docks and going into the steamship business, just as we go into manufacturing proposition. I contend that the results to be accomplished by such enterprise using such funds would be vast and operative in the way of increased tonnage facilities throughout navigation, operation, or ownership could ever produce. It is the packing of this country and as a shipper know that business men in the same line as myself can put together the cost of a vessel or of a fleet of vessels and obtain necessary extra capital from the Government at a reasonable price. I say that is a principle which will increase the tonnage of this country, because I am providing the cargo.

Mr. BYRNES. That is all right.

Mr. KNOX. I have my markets now, but I am dependent upon German, French, Italian, and other nationalities of the world. And before this war, permit me to say, we were being very well supplied. There was no great scarcity of tonnage then, and we assume that there will be no great scarcity of tonnage after this war is over to the extent as we are suffering to-day. But if we attempt to put any restrictions upon the coming to our shores of foreign-owned tonnage, if we make our rates on such a basis as to restrict the operation of foreign-owned tonnage with restrictions, we are going to drive that great volume of tonnage into traffic between their own countries at low rates and they will be doing it at low rates.

The CHAIRMAN. What interest in the building of ships?

Mr. KNOX. I would like to see the farmers of the West get interest, and I would like to see them money.

The CHAIRMAN. I would like to see them money.

Mr. KNOX. I would like to see them money.

The CHAIRMAN. I would like to see them money.

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KNOX. When we talked about the construction of a conti-
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to build that road, and the farmers were the beneficiaries
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s, paying 10 or 12 per cent for his money.

BYRNES. Oh, Lord, yes. We know of them. I know in my
y it is not as bad. And not only the farmers, but did you
ad the report of the Comptroller of the Currency showing
ie national banks of the country—I am glad to say not in my
—are charging 30 per cent? Down in Texas and in the West
re paying 10 and 12, and it is common in my State, although
e a little bit better off, to pay 3, and you can loan \$500,000
there on gilt-edge securities.

KNOX. All right, then: apply the same principle to the use
t money you applied to the use of the money in the railroad
uction.

CHAIRMAN. I do not think we are getting anywhere with
discussion. Of course, if we are going to loan to the ship-
s at 3 per cent everybody will want money at 3 per cent, and
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Mr. KNOX. No; my idea would be that the Government would find the means to provide the business men of this country with reasonably cheap money, under proper safeguarded securities, and let business men go into the business of building ships, and constructing shipyards and going into the steamship business, just as we go into a manufacturing proposition. I contend that the results to be obtained by individual enterprise using such funds would be vastly more productive in the way of increased tonnage facilities than Government navigation, operation, or ownership could ever produce. When I have the backing of this country and as a shipper know that a combination of business men in the same line as myself can put up 50 per cent of the cost of a vessel or of a fleet of vessels and obtain the necessary extra capital from the Government at a reasonable rate, I then say that is a principle which will increase the tonnage of this country, because I am providing the cargo.

Mr. BYRNES. That is all right.

Mr. KNOX. I have my markets now, but I am dependent upon getting steamships and freights, whether they be German, French, Italian, English, or any other nationality of the world. And before the outbreak of this war, permit me to say, we were being very well served; there was no great scarcity of tonnage then, and we assume there will be no great scarcity of tonnage after this war is over—not to such an extent as we are suffering to-day. But if we attempt in this country to put any restrictions upon the coming to our shores of foreign-owned tonnage, if we make our rates on such a basis and surround the operation of foreign-owned tonnage with restrictions that would be onerous, we are going to drive that great volume of foreign-owned tonnage into traffic between their own countries and foreign markets of the world, and they will be doing it at lower rates of freight than we could ever touch.

Mr. BYRNES. What do you pay for capital to-day? What interest are you paying, or shipbuilding men investing in the building of ships—what would they have to pay, approximately?

Mr. KNOX. I dare say 5 per cent.

Mr. BYRNES. Do you not know that the farmers of the West and the farmers in Texas are paying 10 and 12 per cent interest, and they want Congress to make an arrangement to lend them money at a cheaper rate; and if we were to lend money to build ships, cheap money, we have got to lend it to the farmers and to most of the cotton growers in the South?

Mr. KNOX. What is the difference between that and spending \$50,000,000?

Mr. BYRNES. We do not propose to go out and raise all of the cotton and grain in the country.

Mr. KNOX. The point I make is if this \$50,000,000 can be used as a nucleus for a fund to develop the American merchant marine which will have three times the tonnage available for that purpose, and instead of having 500,000 tons we would have a million and a half tons—

Mr. BYRNES. Your idea is to lend this \$50,000,000?

Mr. KNOX. To lend that money to the men who know how to use it. I do not ask you to give it to them, but I ask you to lend it to them, safeguarded in any manner that a mortgager would demand.

Mr. LOUD. And it would provide auxiliaries for the Army and Navy?

Mr. KNOX. I am in favor of that.

Mr. LOUD. If it did that, that would be an answer to the question about the farmers?

Mr. KNOX. When we talked about the construction of a continental line of railroad in this country the Government loaned the money to build that road, and the farmers were the beneficiaries thereby. But I do not know of any farmer in this country, Mr. Byrnes, paying 10 or 12 per cent for his money.

Mr. BYRNES. Oh, Lord, yes. We know of them. I know in my country it is not as bad. And not only the farmers, but did you not read the report of the Comptroller of the Currency showing that the national banks of the country—I am glad to say not in my State—are charging 30 per cent? Down in Texas and in the West they are paying 10 and 12, and it is common in my State, although we are a little bit better off, to pay 8, and you can loan \$500,000 down there on gilt-edge securities.

Mr. KNOX. All right, then; apply the same principle to the use of that money you applied to the use of the money in the railroad construction.

The CHAIRMAN. I do not think we are getting anywhere with that discussion. Of course, if we are going to loan to the ship-owners at 3 per cent everybody will want money at 3 per cent, and we will have to play the game fair.

Mr. LOUD. I just want to ask one question. As part answer to the inquiry of Mr. Byrnes, if the money were loaned for the building of the ships, it would be loaned upon such ships to be used as auxiliaries for the Army and Navy, would it not, ships that were suitable for that purpose?

Mr. KNOX. That would necessarily come within the proviso.

Mr. LOUD. They would have to do so, necessarily, to get the loan?

Mr. KNOX. Yes.

Mr. LOUD. Then there is an answer to the question. You get the auxiliaries for that loan, but in the case of the farmer you would not get anything.

Mr. BYRNES. You would get something to eat.

The CHAIRMAN. Let us not discuss that question any more. It may be desirable, but it is a very dangerous precedent.

**STATEMENT OF MR. HARRIS CHILDS, OF NEW YORK, EXPORT
AND IMPORT MERCHANT.**

Mr. CHILDS. All I have to say is that it seems terribly hard to start in the business. And there is no doubt about it that we want some relief in our particular business of selling American products and American manufactures abroad. I have sold cotton goods and bought products from the negroes of Africa for the last 20 years; and all I have ever asked in my business was an even break. I never was afraid of any foreign competition. The only thing that ever worried me in my business was when some Yankee got into my particular bailiwick.

While we need relief, and we need it very badly, I think that up to the present time we have had a fair break. But my friends in the shipping business here have jacked up the price of freights in this last year from \$5 a ton to \$50 because they could get it. I was free to go anywhere and find some philanthropist to take my freight and to save me a few dollars, and I squirmed and wiggled, but I could not get away from it.

It strikes me that we have two propositions of relief on the table. I think any man who would prophesy that either one of them was perfect would come into the position of a prophet. All I can say is that while I was glad to hear of the reincarnation of a great shipping man this morning and in his reincarnation he took the guise of a patriot, I would not feel like offering to take any part of his 100,000 tons off his hands, and I do not believe he would get many business men, bankers, or shippers to go in with him.

I think the desire and aim and hope of every merchant and exporter of goods from this or any other country is to own a little ship. I would like to own a ship. And I think if the second bill were put through and the Government could put me in a position to have an even break with the foreigners that I could get some of my friends that I have, not only in this room but in other places, to go into that business with me.

I have only one comment to make upon your bill, sir, and that is the one point that has not been taken up. That is the important part that annoys, the red tape or anything placed on business. Hitherto when we have had to charter ships coming to American ports they have charged us a certain percentage over the European rates for the distance and for the particular kind of tonnage, and they have charged us a little more for the annoyance that they get from our port dues and from the general red tape and apparent antagonism to foreign bottoms. I think it is a very important thing; and I think, perhaps, the functions of a shipping board might very well enter into a study of making things easier for the shipping people. And when I say that we want an even break, the whole thing comes on the shipper after all. If the freights are going in competition with Argentina and the manufacturers of our cotton goods are going in competition with Lancashire or India, we want to get our freights in the cheapest market, and I believe that the patriot to whom I referred before did not deny that he had a couple of ships now under the British flag. I think he still has them under that registry. He is not altogether so patriotic that he wants to forego that privilege.

I do not know that I can say anything more.

Mr. BYRNES. Do you have any trouble now in getting bottoms to transport your cotton goods that you have been exporting?

Mr. CHILDS. Oh, yes; the difference between \$5 and \$50.

Mr. BYRNES. Can you get bottoms at \$50?

Mr. CHILDS. Yes; we can get bottoms at \$50, but we do not want them.

Mr. BYRNES. You do not? Why?

Mr. CHILDS. Because we can not get rid of our stuff.

Mr. BYRNES. Because you can not compete?

Mr. CHILDS. The people simply won't buy the stuff if they have to pay too much for it.

Mr. BYRNES. Which is the trouble; you can not compete or the people won't buy by reason of the increased charges?

Mr. CHILDS. Both. We can not compete with other sources of supply and the people will not pay the prices.

Mr. BYRNES. What countries would you compete with now with whom you can not compete?

Mr. CHILDS. We compete with India. India manufactures a lot of cotton, and we compete with Lancashire, and Lancashire manufactures a lot of cotton goods.

Mr. BYRNES. Is not the difficulty in competing the high charges?

Mr. CHILDS. I beg your pardon.

Mr. BYRNES. They are bound to pay these increased charges and they can undersell you, and therefore you are out of the business?

Mr. CHILDS. Yes, sir.

STATEMENT OF MR. WILLIAM E. PECK, 104 PEARL STREET, NEW YORK, PRESIDENT OF WILLIAM E. PECK & CO., IMPORTERS AND EXPORTERS.

Mr. PECK. Mr. Chairman and gentlemen, so much has already been said on this question that there is little or nothing more that I can say at the present time.

Last year the export houses in New York had probably the most prosperous year in their history. And although the outlook in January was extremely hazy, conditions are changing so rapidly in the last few weeks that the outlook to-day is very dark and dreary.

The recent destruction of more vessels has emphasized more than ever the trouble we are up against for tonnage. We realize that men who charter ships at high prices must charge correspondingly high prices; but at the same time these high rates of freight are practically killing the export business in many of the staple lines. Where we paid \$3 a ton, for instance, before the war, for steel from New York to Buenos Aires, we are paying now \$20 to \$30—ten times the amount. And, of course, the only result of these high freights is to discourage the importation of American goods and gradually the orders cease to come in by cable, first from one line and then from another line. And although we are not going to feel this very much until after July 1, because nearly all staples are sold through advance sales, we are going to feel it very seriously after that date. And as I have already remarked, the shortage of tonnage is a very serious factor and therefore we would welcome any bill—that is, I

speak for the shippers—that would rectify in any quick way the trouble that we are up against.

Mr. Gibboney this morning spoke of the tremendous profits that the American ship owners are making. If that is so it would seem that it was not necessary to discuss the Alexander bill at all, because it would seem that the quick-get-rich capital of this country would have already seized all of the vessels available and placed orders in the shipyards for new ships. But that is not the trouble. The trouble is the awful shortage of tonnage, and, therefore, I say we favor any bill that will rectify and remedy the conditions which exist. We favor certain parts of the Alexander bill; also parts of the chamber of commerce bill. Especially do we favor a shipping board. I personally appeared two or three times before the British Board of Trade. I had them rectify an abuse which I encountered in New York in connection with shipping in our English vessels. I found the British Board of Trade very fair-minded, and I am quite positive a shipping board that would be organized in this country under the Alexander bill, or any other bill, would be equally fair, and all of the shippers are desirous of having such a shipping board.

The CHAIRMAN. The shipping board would be a useless arrangement just now unless we had the ships, would it not?

Mr. PECK. Yes. I do not see how any particular bill could rectify the conditions that exist very quickly. It looks as though we have to suffer and to get along as best we can for the next three or four years.

The CHAIRMAN. Would you advise a beginning?

Mr. PECK. I do. I advise a beginning of some kind. It can not come too quickly.

Gentlemen, I thank you.

The CHAIRMAN. That was my notion, that any rational man would think it advisable.

STATEMENT OF MR. EDGAR F. LUCKENBACH, 44 WHITEHALL STREET, NEW YORK, SHIP OWNER AND OPERATOR.

Mr. LUCKENBACH. To-day I own about 100,000 tons of American ships and I am building 78,000. After reading over this bill I am sorry I own so much. From what I read in the bill, anyone can come in if you pass the bill, and get Government aid and assistance and run me out of business. I am in a tramp business and I also run a regular line, and if I understand the bill correctly, in the regular line they would give him the same privilege as I have; that is, of running in the coastwise trade.

The CHAIRMAN. Where is your regular line running?

Mr. LUCKENBACH. From New York to San Francisco.

The CHAIRMAN. For how long?

Mr. LUCKENBACH. About how long have we been operating?

The CHAIRMAN. Yes.

Mr. LUCKENBACH. We have been operating a direct service through the canal ever since it opened. Previous to that we were cocarriers with the United States Government-owned Panama Steamship Co. carrying on the Pacific while they carried on the Atlantic.

According to the terms and conditions of this bill anyone can come in if they will satisfy the Government or the board and operate to Hawaii, Alaska, and other coastwise ports.

The CHAIRMAN. That is the American-built ships?

Mr. LUCKENBACH. Yes. I do not know why we should get a spanking. Have we raised the rates, or what is the object of doing this?

The CHAIRMAN. Are you opposed to American-built ships being used in the coastwise trade in competition with your foreign-built ships?

Mr. LUCKENBACH. Foreign built?

The CHAIRMAN. Yes. You have some that were admitted to American registry under special act, have you not?

Mr. LUCKENBACH. Yes; but I just told you I am now building 78,000 tons in American shipyards.

The CHAIRMAN. I think you have been before this committee more often than anybody else to get foreign-built ships admitted to American registry, have you not?

Mr. LUCKENBACH. I have not.

The CHAIRMAN. You have been before the committee, have you not?

Mr. LUCKENBACH. Yes; once.

The CHAIRMAN. Are you opposed to an American-built ship being used in the coastwise trade?

Mr. LUCKENBACH. Does this bill say that?

The CHAIRMAN. I do not care whether you build them or somebody else builds them, because the other fellow has just as much right to build those ships and to run them. But you want it all.

Mr. LUCKENBACH. No. If I understand the bill correctly, it says here that you can charter vessels. It does not say that you are going to charter American vessels. You say this, that you can charter vessels or you can purchase vessels.

Mr. BYRNES. Where are you reading now?

Mr. LUCKENBACH. It does not say you are going to charter American vessels to run in this trade, but you are going to charter foreign vessels and put them in the coastwise trade.

Mr. BYRNES. From what section of the bill are you reading, so as to direct our attention to it?

Mr. LUCKENBACH. Section 3. This is what you say in section 3. If I am wrong, just correct me, please:

That the United States, through the board and with the approval of the President, is authorized to construct in American shipyards and navy yards, as their capacity will permit, or elsewhere, or to purchase or charter vessels—

Is that right?

The CHAIRMAN. You are reading from section 3?

Mr. LUCKENBACH. Yes.

The CHAIRMAN. Just as long as you stick to the text you are all right.

Mr. LUCKENBACH. Does not that mean you can charter foreign vessels?

The CHAIRMAN. No, sir.

Mr. LUCKENBACH. Then I am on the wrong track. Does it not mean you can build foreign vessels?

The CHAIRMAN. They can have vessels built abroad or they can have them built in American shipyards. If foreign built, they can only be used in the foreign trade.

Mr. LUCKENBACH. Where does it say that?

The CHAIRMAN. In sections 3 and 4.

Mr. LUCKENBACH. This is the privilege you give them.

The CHAIRMAN. There is a proviso here.

Mr. BYRNES. In section 4—

Mr. LUCKENBACH. Wait a moment; wait until we finish section 3, line 12. Is not that a privilege you give them in line 12? On line 10 you say—

The CHAIRMAN. Let us get that straight, because I do not want to mislead you. These foreign-built ships may be utilized in the foreign trade and in the trade with Alaska, the Panama Canal Zone, the Philippine Islands, the Hawaiian Islands, and the islands of Porto Rico, Guam, and Tutuila.

Mr. LUCKENBACH. Is not that the coastwise trade?

The CHAIRMAN. That is true to that extent.

Mr. LUCKENBACH. I thought that was right. Then my contention was right.

The CHAIRMAN. That far; yes.

Mr. BYRNES. Part of it is right and part of it is wrong.

The CHAIRMAN. You trade through the canal to the Pacific coast, and in that trade you said they would come in competition with you.

Mr. LUCKENBACH. Don't I run to Porto Rico sometimes? I run to Porto Rico.

The CHAIRMAN. You have not said so yet.

Mr. LUCKENBACH. I do. I have a tramp service. I run everywhere. And then these foreign boats could come in and compete with me with the boats I am building in American shipyards at \$100 a ton.

The CHAIRMAN. We are building foreign tonnage in the American shipyards just now because we can build it cheaper here than they can abroad; so that I do not see where you are prejudiced here if conditions continue.

Mr. LUCKENBACH. That is for the present.

The CHAIRMAN. Yes.

Mr. LUCKENBACH. But these ships, I think, will last for some years to come, and so will your bill.

The CHAIRMAN. Some one expressed the opinion that ships in years to come can be built more cheaply here than abroad.

Mr. LUCKENBACH. That is their idea. I do not think so. Vessels under the American flag that come in under the Panama Canal act, are you going to give them this coastwise privilege?

The CHAIRMAN. Which vessels?

Mr. LUCKENBACH. Vessels that come under the American flag under the Panama Canal act.

The CHAIRMAN. No.

Mr. LUCKENBACH. All right; that will straighten that out.

The CHAIRMAN. I will give you my personal view of the bill, if you want me to: I have never yet favored the admission of foreign-built ships to American registry for the coastwise trade. As far as I would be willing to admit them to participate would be, for instance,

in going from New York through the Panama Canal to the Far East, trading to the Pacific coast or to Hawaii, and then on making that a leg of their journey. I have not given my consent to that, but that is as far as I would care to go at any rate. And in the same way, if a vessel traded from New York to South America, carrying passengers and freight to and from Porto Rico as an incident to that voyage.

Mr. LUCKENBACH. Yes; and you would give the foreign vessel the privilege to Porto Rico?

The CHAIRMAN. Foreign built.

Mr. LUCKENBACH. Yes; you would give him that.

The CHAIRMAN. Owned by American citizens. I think that is as far as I would be willing to go.

Mr. LUCKENBACH. Yes; but the rates have not been raised to Porto Rico. Why punish the Porto Rico Steamship Co. that have built boats here? There is no scarcity of tonnage.

The CHAIRMAN. I had better have a talk with Mr. Bull about that; I have not heard from him for some time.

Mr. BYRNES. You say that your boats run to Porto Rico; is that a regular service?

Mr. LUCKENBACH. No; we do not run a regular service to Porto Rico; it is a tramp service. Only recently, only this year, have we had the San Francisco service, and that is the reason we are building the boats, to put them in this service. And I want to find out if my foreign friends can come in with the boats they have at the present time and be extended the privilege of Porto Rico, the Philippine Islands, Hawaii, and Alaska.

I want to object to any cabinet officers becoming members of this shipping board, because they are overworked at present. I tried to get an audience with Secretary Garrison and was refused, and also another man, when the Panama Canal Co., or when the Government raised the rates from \$3 to \$8 a ton, and it cost us \$1.50 and put me out of business. So I have had some experience with Government men.

The CHAIRMAN. I expect the experience was mutual.

Mr. LUCKENBACH. It certainly is; there were two of us there.

The CHAIRMAN. Of course, I do not mean this offensively; you understand that.

Mr. LUCKENBACH. Now, as to Government operation. I want to talk about that for a few moments. I had the experience of operating with the Panama Steamship Co., which claims that last year they made \$305,000, and it points with pride to the fact that they made \$305,000. And in this year's report they say that they made \$500,000. I want to show you how they made it; how impossible it would be for you to make it, or for any other man to make it. I will show you about the way a good many Government institutions are run and, possibly, how this shipping board might run the ships that they purchased in the same manner.

They own two ships. According to their book value they are worth \$764,000. The Government loaned to them four ships which cost just about \$3,100,000. They loaned those. The Panama Steamship Co. operates them free of charter hire. We will be fair and say

the rate for charter hire last year was \$5 per dead-weight ton per month. If you were operating the line that is about what you would have to pay for those vessels this past year. And they would have cost you \$1,832,000. This the Government gives to the Panama Steamship Co. It won't give it to you, and it won't give it to me, but they give it to the Panama Steamship Co.

On the two vessels that they own they figure depreciation at 6 per cent, but on the \$3,100,000 worth of ships they do not pay one cent of depreciation. They do not pay any interest charges; they do not pay any insurance charges. It would cost you or I, or anyone else who wanted to run one of those vessels, for insurance, depreciation, and interest about 17 per cent, which is given to the Government-owned institution.

With this gift last year they made \$305,000. Wonderful work!

The CHAIRMAN. How were those charges met? Who insured the ships, and who paid for that?

Mr. LUCKENBACH. No one except the United States Government.

The CHAIRMAN. Did not the Government insure them?

Mr. LUCKENBACH. No.

The CHAIRMAN. They were not insured at all?

Mr. LUCKENBACH. No.

The CHAIRMAN. What ships are those?

Mr. LUCKENBACH. The *Colon*, the *Panama*, the *Cristobal*, and the *Ancon*.

The CHAIRMAN. You say they were not insured at all?

Mr. LUCKENBACH. No insurance whatsoever. The interest on these vessels, at 6 per cent, together with the insurance, rental of terminals, and depreciation, amounted to about \$2,974,000. Their total revenues were \$2,642,457.10. The deficit is \$332,363.

The CHAIRMAN. These ships carried Government freight in connection with the building of the Panama Railroad, did they not?

Mr. LUCKENBACH. They did, until the opening of the canal; yes.

The CHAIRMAN. And supplies for the Canal Zone?

Mr. LUCKENBACH. The amount of supplies for the canal has been very small since the opening of the canal.

The CHAIRMAN. And the tonnage they carried for the Government—for the Panama Canal—was carried at nominal rates, was it not?

Mr. LUCKENBACH. Yes.

The CHAIRMAN. If they had charged the rates in effect before those ships were put on, they could very well have paid all of these charges that you have in mind and made a handsome profit, could they not?

Mr. LUCKENBACH. Yes.

The CHAIRMAN. Then the Government is ahead on that transaction even if it has not made any profit on those ships. That is true, is it not?

Mr. LUCKENBACH. Yes; that is true.

I do not know of any objection, gentlemen, that I want to put in, except to this coastwise trade and the operation of the steamers by the Government.

I thank you for your attention.

STATEMENT OF MR. JAMES BARBER, OF NEW YORK, N. Y., PRESIDENT OF THE BARBER STEAMSHIP CO.

Mr. BARBER. Mr. Chairman, I do not wish to say very much. I did not expect to be called upon, for one thing, so that I am liable to be brief.

I am very much in sympathy with the objects sought to be obtained by this bill—the increase of the American merchant marine. At the same time I have some doubts about the possibility of some of its provisions. I think all that I could say on those points has already been covered by the previous speakers, so that I need hardly repeat that.

My own personal idea has been for years that the American merchant marine would have developed much more than it has if it had been free from the onerous restrictions and some of the provisions in the navigation laws which it has to contend with. I think there is sufficient enterprise in the American business man to invest in American shipping if he thought he had an equal chance with the foreign-controlled vessels that come here. In my own business we have necessity to charter quite a number of foreign vessels, and since the passage of this bill last year, which allowed foreign-built vessels to come under American registry, we have availed ourselves of that privilege and placed five of our steamers under the American flag. We are also buying other American steamers and are building one.

At the same time we are very much in hopes that this board, when it is appointed, will give serious consideration to the points in the existing laws that work to the disadvantage of the American shipowner. My own feeling is, and I think you apparently agree with the idea, that all such points should be toned down and made to work so that the American shipowner would not be under any great disadvantage compared with the foreign shipowners.

Mr. BYRNES. Mr. Barber, what have you in mind in saying that?

Mr. BARBER. It has been referred to as the extra cost of operation caused by the necessity of complying with the American regulations.

Mr. BYRNES. What regulations?

Mr. BARBER. As contained in the navigation laws, with regard to the officers and seamen.

Mr. BYRNES. As to what?

Mr. BARBER. The nationality of the officers, the seamen and engineers, the accommodations and the food scale. I do not begrudge them the food scale. I would be very glad to have it as it is.

Mr. BYRNES. Do you favor foreign officers?

Mr. BARBER. If necessary. The point is you have not enough American officers and engineers now to man your ships.

Mr. BYRNES. Do you think it would contribute to the building up of an American merchant marine which would be of any service in time of war if you had foreign officers?

Mr. BARBER. I should certainly favor having schools of navigation and the encouragement of apprenticeship and the training of men to become officers.

Mr. BYRNES. Do you know that is provided for in this bill; that this bill seeks to encourage that?

Mr. BARBER. I believe there is some attempt at it.

Mr. BYRNES. You favor that feature of this bill, then?

Mr. BARBER. I do.

Mr. BRUCKNER. Where does your line operate, Mr. Barber?

Mr. BARBER. I think the largest present operation is to the River Plata in Argentina. We also run to China and Japan. We are agents for South African lines, and we have a line running to French ports, and then we have quite a number of steamers engaged in general trades which go wherever the best market demands them.

As far as the bill is concerned, I have the same objection as the previous speakers to the Government operation of Government-owned steamers. If they are built to be of service to the Army and the Navy as auxiliaries, I think that would be a very desirable thing; and if they could be so constructed as to be available for commercial purposes and leased to the general shipping interests which might be able to use them, I think that would obviate the possibility of their coming into competition directly with privately owned steamers.

Mr. BYRNES. That is in the bill, and you are in favor of that part of this bill, then?

Mr. BARBER. Yes, sir.

Mr. BYRNES. You know that is in the bill?

Mr. BARBER. I do; yes, sir.

I do not think I have anything further to say.

STATEMENT OF J. PARKER KIRLIN, LAWYER, OF NEW YORK CITY, ENGAGED IN THE PRACTICE OF ADMIRALTY AND MARITIME LAW.

Mr. KIRLIN. Mr. Chairman, as you are aware, I am a lawyer by profession, and, for more than 25 years, my practice has been largely in the realm of admiralty and maritime law. Although not a member of the chamber, I have sat as an honorary member of the committee of the Chamber of Commerce of New York by invitation of the president, to assist the committee in relation to matters in connection with the shipping which have arisen in the course of their deliberations.

The views of the Chamber of Commerce of New York with reference to the Alexander bill, H. R. 10500, are embodied in its formal action, which has already been summarized to you by Mr. Bush and the other members of the committee. The views of the chamber in regard to the steps which it deems necessary to be taken in order to achieve the result of upbuilding a great national mercantile marine have been put in concrete form in the shape of a proposed bill which has been introduced by Mr. Rowe, H. R. 11865, and is now before the committee. I understand the discussion of both measures is in order, and I purpose referring as shortly as I may to both. I do not intend to go all over the ground that has been covered by the members of the committee of the Chamber of Commerce of New York who have preceded me, but shall confine my remarks to certain matters which my own knowledge and experience in practice lead me to think are of the deepest importance in working out some serviceable plan to create, develop, and encourage a substantial American mercantile marine.

During the course of the present war I have had occasion in the course of practice to deal with purchase and sales of many vessels, with proposals for building of vessels, for the establishment of a shipyard, and with suggestions and inquiries of bankers and capitalists who have desired to interest themselves in the development of a mercantile marine by investing money in ships. Prior to the beginning of the present war I have never had occasion to deal with any such matters. These circumstances, as well as public discussion of the subject, convince me that there is a real growth of interest in the creation of an American mercantile marine by private enterprise. The development of this interest has no doubt to some extent been fostered by rumors of the large profits which have been made during war time, and by the restrictions due to the exigencies of war which have been placed on foreign tonnage. But whatever the cause, there is no doubt that there has been a great awakening of public interest in this question, and in the inquiry as to what, if anything, can be done, after the emergency due to the war shall have passed, to establish a mercantile marine sufficiently large to handle a substantial portion of our commerce. It is useless to discuss at the moment the possibility of doing anything to relieve the present emergency, for all the tonnage available is now in service, and no new tonnage which could appreciably relieve present conditions can possibly be created during the period over which the war is likely to continue.

It is impossible, in the short time at my disposal, to attempt any textual criticism of the different sections of H. R. 10500. I shall confine myself to certain matters of principle which, in my judgment as a citizen and experience in dealing with the general subject, are objectionable, and will have a deterrent rather than a beneficial effect in the development of an American merchant marine. I am not speaking here in behalf of any client interested in this matter, but solely as an individual and as a member of the committee.

The features of the bill (H. R. 10500) to which I desire to refer are: (1) That which provides in a certain contingency for the operation of Government-owned steamships in private trade; (2) that which provides in very great detail for the regulation of the instrumentalities of our foreign commerce, including restriction upon the sale of ships; and (3) the provisions with reference to licenses.

I am sure that no member of our committee feels the slightest objection to the Government spending \$50,000,000, or any other sum that it may deem proper, for the purchase of naval auxiliaries. On the contrary, I think they all feel that this is a necessary and valuable thing to do; nor do I think there is any objection on their part, or indeed any sound objection in principle to the Government putting such vessels, when not needed for its own purposes, in the hands of a shipping board, with authority to charter them for operation by private enterprise. Ships are articles of commerce. They have their prices and values. Sometimes these are high, while at other times they are low; but ships are commodities which the Government, if it should buy or build them, would not own exclusively. They would be commodities which it would own in common with all other persons or companies that own shipping property which at times is available for chartering.

I am perfectly satisfied that any vessel built or purchased by the Government after careful inquiry as to its suitability for commercial purposes, as well as for naval purposes in cases of emergency, would be an attractive proposition for charter, and that any such vessel, when not in use by the United States, if offered as other like vessels are offered by people who own them, in the open market, singly and without undue restriction, would be in great demand for chartering; and that at all times when such vessels could be operated with profit by anybody, they would be readily chartered and operated by private enterprise. I am sure that all the shipping men here present will confirm my views in this respect.

The feature of your bill which renders capital timid and will deter investment in private shipping, so long as it remains in the measure, is that which reserves the right, in case the shipping board does not find a ready or suitable charter for any one of these vessels, to put it in trade and operate it by means of a company organized for that purpose. This provision embodies an authority to the Government, though a governmental instrumentality, to engage in the private business of operating steamships. It may be that the contingency in which the Government would operate ships is remote, but nevertheless the authority to do so is there, and the public has come to believe, whether rightly or wrongly, that an authority of this nature, if once vested in a board, would be exercised. The natural fear is that, if exercised at all, it would be exercised in competition with private enterprise.

There is no limitation in the bill as to the trades in which the board should authorize the operation of Government ships, nor has there ever been an answer to the inquiry, In what trades is it proposed to operate them? Everybody of experience in the shipping trade knows that private enterprise has already established shipping lines to practically every port in the universe where a line can profitably be maintained in times of peace. It would be impossible, therefore, to operate the Government vessels, which would be of substantial size, to any point or points where they would not come in competition with private operation.

It has been suggested that the Government would place these vessels in certain trades not now developed and keep them there until the business should be established and then turn over the trade to private enterprise. But no names of ports have been given in this connection. All trades have been tried by private enterprise, lines have been established to all points where they can be operated profitably, and occasional sailings are made to all other ports where profitable business is to be found. The only trades for which established direct lines are not in operation are those whose physical characteristics are such as not to admit of the operation of any vessels which would be suitable as naval auxiliaries. They are trades to ports to which deep-draft vessels can not proceed and which have hitherto been served by coastal vessels carrying cargoes transhipped from larger central points of import. The natural result of these conditions would be that, if a Government ship was put up for charter and was not taken by private persons or companies engaged in the steamship business, the reason for it would be that private enterprise could not at that moment operate the ship profitably. The failure of

the ship to obtain a charter would be clear proof to the business community that, at that particular time, no gain could be made from the operation of it. It would be understood in the business community, in those circumstances, that, if the Government then proceeded to operate the vessel in private trade, it was going to operate the vessel at a loss, if the expenses of operation should be figured as the expenses of private companies have to be figured. The fear that the Government, in any conceivable contingency, would enter into competition with private enterprise, at a time and in circumstances when it could only operate at a loss in competition with private enterprise, will necessarily deter private capital from entering into a business which may be subject to such a risk.

The business view of this matter undoubtedly is that the Government ought not to enter into competition with private enterprise under circumstances which may involve a loss to the Government, because a loss to the Government means not only a loss to the taxpayers but also to private companies engaged in the same business. If the ships can not be chartered for prices that will yield a fair return to the Government on its investment, they ought to be laid up and reserved for their primary use as Government ships. The very fact that they could not be chartered would show that there was no urgent need for them in commerce. To put them in commerce at a time when there was no such need for them as would lead to their being chartered could only injure private enterprise, and every possible injury to private enterprise will check the inclination of private individuals to invest in the shipping business.

I submit this matter as a question of broad public policy rather than as a criticism in detail of the bill, for I am convinced from what I have heard here to-day (and I had not intended to speak on the subject, but have been led to do so by the very earnest character of the discussion) that the weakest feature of the bill is that it contains no suggestion, no ray or hope or promise for the development of an American merchant marine by private enterprise, and no encouragement or incentive for the investment of private capital in that business.

The CHAIRMAN. Your view, then, is that if section 8 were stricken out there would be that incentive?

Mr. KIRLIN. I believe myself that No. 8 should be stricken out.

The CHAIRMAN. If that were stricken out, then the ray of hope would appear?

Mr. KIRLIN. The ray of hope would not appear; that is, the ray of hope of private enterprise building up a merchant marine will not appear; but neither does it appear from your project of building \$50,000,000 worth of ships. The quantity of tonnage which that investment would buy would be almost negligible in comparison with the total amount of tonnage necessary to move the commerce of the United States. What is desired is the adoption of some plan which will ultimately lead to the creation and operation under the American flag of a sufficient number of ships to carry our commerce. I do not assume for a moment that the project contained in H. R. 10500 is the first step intended to be taken in the direction of the creation of a governmental mercantile marine sufficient to do the whole business of the Nation: yet, if it is not such a step, the bill should not

retain any feature likely to deter private capital from supplying the needs of the Nation. On the contrary, it should contain some affirmative provision which will encourage private capital to supply that great need.

The practical difficulty to be overcome is that vessels built in American shipyards in times of peace cost more than similar ships built in foreign yards; and that the cost of operating American ships, whether built in American yards or purchased abroad, is greater than the cost of operating British, German, French, or Scandinavian ships. Whether the enhanced cost of building in America and of operation under the American flag be due to the higher standards of living of American workmen, to the larger number of officers, engineers, and men required by our laws and regulations to be employed on American vessels, or to a combination of these causes, it is a fact, proved by experience, that the cost of American building and operation is larger than the foreign cost to an extent which has deterred American capital from investing in shipping employed in the foreign trade.

Leaving out of view for the moment the extra cost of building in the United States, what is the position with regard to the operation of American ships in the foreign trade? Experience has shown that the extra cost of operating American ships in the general foreign trade is such that it has not been profitable to operate them. There is a difference between the cost of operation under the American flag and under a foreign flag, varying with respect to different ships and different trades, which in any particular trade may be approximately computed; and such difference in the cost of operation constitutes a fixed charge on the operation of American ships in such trade. Such difference in cost is a charge which must be borne by every ship that operates in the foreign trade in competition with a foreign ship. It has to be borne by ships operating under private enterprises. It would have to be borne equally by governmental ships operated under the supervision of a governmental board. There can be no possible difference, therefore, in the expenditures to be made by the Treasury of the United States between the Government bearing that burden as an incident to the cost of governmental operation of ships and paying the amount of it to private enterprise in order to equalize the opportunities of American shipowners in the foreign trade with those of foreign owners who may compete with them in the same or similar trades.

There can therefore be no development of an American mercantile marine sufficient to handle the commerce of the United States, unless the Government is prepared to provide the entire tonnage necessary, and to bear, itself, the extra cost of operating under the American flag, or to adopt some plan by which allowances can be made to private individuals and companies to cover this difference of operation, so that they can compete upon equal terms with ships operated under a foreign flag.

Such a plan is outlined in the measure suggested by the Chamber of Commerce of New York, and introduced by Mr. Rowe as H. R. 11865.

An objection is made to this plan on the theory that it would involve the payment of a subsidy, and that subsidies are impolitic. I

do not enter on the controversial subject as to whether subsidies in the popular sense would or would not reestablish our mercantile marine, or whether they are expedient, beyond suggesting that the mercantile marine of countries with which our citizens must compete have at times received and now receive subsidies. Discussion of that matter is unnecessary, for the reason that the plan of equalizing expenses of building and operation under American auspices is not in any proper sense a subsidy or open to the objections commonly made to subsidies. It would not be an appropriation out of which those receiving it could possibly receive any profit. The provision by which the board would fix the amount of it would make it impossible that any profit should result from the equalization allowance. There is no more propriety in describing an equalization allowance as a subsidy than there would be in saying that the \$50,000,000 proposed to be appropriated by the pending bill is a subsidy. If the vessels purchased by means of that appropriation should be operated under governmental auspices, the exact number of dollars that would be paid to private enterprise for the operation of a similar number of ships would have to be paid out of the Treasury for the operation of the Government ships, because the difference between American and foreign cost of operation is a fixed charge on the business of operation.

Both the Alexander bill and the Rowe bill contain plans intended to aid the development of our merchant marine. The Alexander bill, as well as the other, is based on a realization of the necessity of a governmental appropriation of money to aid the development of a mercantile marine. If it was not realized that something must be done by the Government in this direction, an appropriation of \$50,000,000 for vessels the primary purpose of which is to carry our commerce would not be thought of.

The point I wish to make is that whether the Government operates ships or encourages private enterprise to operate them, it is going to cost a certain number of dollars per annum more to operate ships under the American flag than it will cost the owners of similar ships operating in competition with them under foreign flags; and that in either event the Government must bear that difference in the cost of operation if it really desires to reestablish our flag in the foreign trade. I am as much opposed as any of the members of this committee to the granting of a subsidy in the ordinary sense. I do not think that shipowners generally want a subsidy. All that they wish, and certainly all that they need, is an allowance to equalize the extra cost of building and operation, due to no conditions that they can control, but which arises from our conditions of life and from our maritime laws and regulations. Such an allowance is not open to the objection that may be made against a subsidy, that the recipient can make a profit from it; I mean a profit out of the subsidy as distinguished from a profit from the business. If you can point out any particular in which the plan contained in H. R. 11865 would enable the shipowners to make a profit out of the equalization allowances made to them by the board, which is left full discretion to determine the amount of them, then it will be proper to describe the plan as a "subsidy"; otherwise it can not justly be called a subsidy in the ordinary sense.

It is quite idle to expect that American capital will be invested permanently in American merchant marine, unless the operation of ships under the American flag enables their owners to make money, or indeed unless they can make the same amount of money that would arise from the operation of the same ships under a foreign flag. Those investing in American shipping can not make money unless the ships can be operated at the same relative profit as foreign ships which operate in competition with them. It is absolutely futile to expect the development of an American mercantile marine until these conditions can be equalized. Congress must do something for our citizens whom it wishes to have engage in the building and operation of American ships in order to equalize their operation with those of foreign citizens. The adoption of a plan of equalization as a national policy should be open to no objection, since the necessity for it arises from our conditions of life and labor and the laws and regulations which the wisdom of Congress has ordained for the regulation of American ships. If it is thought proper to require that our ships should have a greater number of officers and engineers, the engineers should have a greater number of helpers and there should be a greater number of certificated seamen on board, using a common language, and the conditions of life are such that the employees of the vessel must receive higher rates of wage than those similarly employed on foreign ships, upon what theory can it be expected that private enterprise will continue to operate ships in a foreign trade unless the Government equalizes to him in some manner from the Public Treasury the additional burdens which our laws and conditions impose upon him?

It is not just, as is sometimes done, to say that American ship owners who operate ships under foreign flags are unpatriotic; they have to deal with matters of business, and, like any other class of merchants, they operate where their costs are the least and profit the most. If Congress would set an example in patriotism by making it possible for our citizens to build ships in their own country and to operate them under their own flag at the same cost and with the same amount of profit, I have no doubt the example would be followed, and that feelings of patriotism would prompt all shipowners to build in America whenever the shipping board approved of that course, and to operate their ships, whether built in America or purchased abroad, under the American flag, and that a mercantile marine adequate to the needs of the country would be created as rapidly as conditions would permit.

The plan of equalization of costs of building and operation recommended in the Chamber of Commerce measure is not open to any of the objections to which a subsidy, so called, is subject. It is provided that the equalization allowances to be made are wholly within the control of the shipping board. If the board does not approve of the plan for building any specific ship and the contract and specifications for building, no equalization allowance for the cost of building can be obtained. Similarly, if the board does not approve of the trade in which the vessel is intended to be employed, an equalization of the cost of operation can not be secured. In other words, the shipowner, in order to obtain equalization allowances, can only do the things which a shipping board wants him to do, and

the ship can only serve the purposes that the board may wish to have served.

The CHAIRMAN. I have not read the bill with care; but is this subsidy or subvention only to apply to ships hereafter to be constructed?

Mr. KIRLIN. Yes; and, so far as the operation of ships is concerned, the equalization allowance can only apply to ships in services which the shipping board may approve.

The CHAIRMAN. Whether heretofore constructed or not?

Mr. KIRLIN. Yes; but in this connection I should point out that it will cost an American citizen just as much to operate a ship in the next 20 years, that he bought during the war or before the war, as it will cost to operate one that he has built during the war; so that the reason for equalization allowances applies just the same to one class of ships as to the other.

The CHAIRMAN. If he had bought a ship during the war, at the present rate—say \$100 a ton—and normal conditions ensue, after a while, when ships can be built for, say, \$40 to \$50 a ton, should the board equalize that cost now in the way of a subsidy to him?

Mr. KIRLIN. You mean the cost of building?

The CHAIRMAN. No; the cost of his ships to him.

Mr. KIRLIN. No; there is no suggestion of that kind in the bill. There is no suggestion of any allowance to be made on account of ships that are purchased. It is only for building in American yards that the building equalization is to be given. If the board does not approve of building in American yards, there will be no equalization allowances for the extra cost of building here. The only object of creating building allowances is for the purpose of stimulating the establishment and improvement of the building yards in this country, with the twofold purpose of improving the yards for general building purposes and of developing in the yards the business of the construction of standardized vessels. The only further object of building in American yards would be the acquisition of vessels which, in the judgment of the board, would be peculiarly available for the kinds of trade which the board may think ought to be fostered and encouraged and the construction of ships especially adaptable for governmental purposes, which could be secured by the requisition of the ships at any time for the use of any of the departments of the Government.

The objectionable feature of the bill, H. R. 10500, is that it contains no provisions tending to encourage private initiative in the business of operating ships in the foreign trade, which private initiative would gladly enter if equality of opportunity should be afforded, in which, if such opportunity should be afforded, private enterprise would enter to such an extent that in years to come our merchant marine, instead of that of other nations, would dominate the seas.

I do not believe that any man of the slightest experience in the steamship business, whether as a shipper or shipowner, would deny for one moment that if H. R. 11865, introduced by Mr. Rowe, could be put upon the statute books, you could possibly fail to create, develop, and maintain an American merchant marine of whatever size the board was willing to foster.

The CHAIRMAN. That is, that the Government was willing to pay for in the way of subsidies?

Mr. KIRLIN. That the Government was willing to pay for in the way of equalization—not in subsidies. I must dissent from the use of that term as applied to equalization. It is no more a subsidy than the amount of money which the Government will put into the enterprise under H. R. 10500. The money which the Government would lose in the operation of a vessel in the merchant marine is just as much a subsidy as the money which it would give to a private citizen to enable him to equalize his cost of operation.

The CHAIRMAN. Except in the one case the benefit would be to all the people in the United States and in the other instance it would benefit the few.

Mr. KIRLIN. The object of the creation of an American merchant marine, as I understand it, is to benefit the whole people of the United States. It is not to benefit the shipowners. It is to benefit our commerce. And if you know and see, as practical men, that you can not accomplish that object without doing something affirmative and helpful by providing the necessary equalization allowances, considerations of broad public policy should not lead to a refusal to do that thing because some people may apply to it a name which has an unpleasant sound to the public ear.

The CHAIRMAN. Mr. Bush said you had somebody here who was going to give an estimate of what it would cost per annum to build such a merchant marine as he thinks we ought to have, of 200 or 300 ships, under the provisions of the Rowe bill.

Mr. KIRLIN. I do not think there is anybody here who can give such an estimate. Unfortunately, our delegation did not include any shipbuilder, and as I remember Mr. Bush's final remark to one of the members of the committee, he said that no man could prophesy with accuracy what that cost would amount to.

The CHAIRMAN. If based on the estimates before the war in Europe, it would be an interesting proposition. I am going to have it figured out on the basis of a statement that will be made here about the difference in cost.

Mr. KIRLIN. I suppose the difference between the cost of building in this country and abroad before the war and the difference in the cost of operation before the war can be figured out fairly accurately. But it would be quite illusory to take these figures as the basis of estimating the cost of entering upon a great national undertaking, the result of which would be the development of standardization in shipyards that would result in a diminished cost of building and of operation. The adoption of a broad national policy would result in a tendency toward maritime investments, and would lead many people to adopt a maritime calling, as a result of which there would probably be a reduction in the cost of operation under the American flag.

It must be expected that the development of a great national mercantile marine will require long and patient effort and a considerable period of time. Men must be educated to the value of maritime investments and to the opportunities incident to following the life of the sea. Our mercantile marine has developed so rapidly during the war that there is the greatest difficulty in finding sufficient

number of officers, engineers, and seamen to man and operate the vessels that are now running. It must be a subject of grave concern to those who are constructing the large amount of tonnage now building in our shipyards as to where they are to find the men to operate these ships. I have heard those engaged in these operations express their anxiety in this regard very freely.

When normal times return the building up of the American merchant marine must be a slow process. To accomplish it we must not only have the ships, but must develop a love of the seafaring life on the part of the large numbers of men who will be required to officer, man, and operate the ships. Congress will have to adopt a great national policy which the public can see is likely to endure in order to lead men in large numbers to follow the life of the sea as a calling. It can not be expected that this can be accomplished in a short time. Officers and men may be found and developed in sufficient numbers to take care of the moderate needs of the ships that may be purchased and built in the next few years; but to develop officers and seamen in sufficient numbers to man the great quantity of ships which will be necessary to handle the commerce of the United States will, in my judgment, require, if not a lifetime, at least the period of one generation. Now, when everybody is anxious to do something constructive, and when, for the first time in my recollection, the subject of an American merchant marine has engrossed the minds and thoughts of the people, I am anxious to see something done which may inaugurate such a national policy as will interest our people, as it has interested the people of other countries, in the sea as a calling, and that may attract the investments which may be necessary to carry forward that policy with the same measure of success that American investments have achieved in other vocations.

I come now to the subject of the provisions of the bill relating to the regulation of foreign commerce. These provisions, in my opinion, are unnecessarily drastic, definite, and comprehensive as applied to a new business. Too much regulation is a clog on business, and has a natural effect of deterring capital from investing in it. It should be borne in mind that the object to be attained is to attract capital to the shipping business. Individual firms and corporations have a natural dislike to engage in any business that their necessities do not require them to follow where regulations of an inquisitorial nature are provided to govern it. If two avenues of investment are open to capital, one of which involves the conduct of the business subject to governmental regulation, not only of the business itself, but of those who engage in it, and the other does not involve such supervision, regulation, and control, it is only natural that the avenue which is untrammelled will be chosen. The provisions of H. R. 10500 go a very long way and are very minute in providing for regulation, and on top of the specific provisions in that regard there is the general provision that the interstate commerce laws, so far as they fit, are also to be applicable; and the first sentence of section 9 provides for regulating "the operation of all corporations, firms, or individuals engaged as common carriers." etc. These provisions, taken together, provide a larger authority to regulate the business than is really necessary, and indeed than the committee would expect to see exercised. I concur with Mr. Franklin in the opinion that a certain

amount of regulation may be necessary, but I do not think it is either necessary or expedient to provide such minute regulation or to adopt the tone of the bill which expresses the idea of regulation in such a deterrent manner.

The CHAIRMAN. I would be very glad if you would suggest some amendment which would meet your objections and submit it to the committee.

Mr. KIRLIN. You gentlemen who are connected with the Government are more or less accustomed to the ways of the various departments and do not stand in the same state of mind toward it as citizens who are engaged in business. They feel a certain degree of fear of the Government. They dread the hour when the supervising Government official comes to look into their business. They fear that he is going to do something unfair, or to encumber it with restrictions which interfere with its successful operation. Possibly this may in some instances result from a guilty conscience, and, for that reason, I freely admit that some method of regulation may be necessary. But if you want to encourage the development of the American merchant marine as a new business my advice, based on my experience, would be not to surround it at the start with any more regulations than the business really requires for its fair conduct. These observations apply with peculiar force to the provision which would prohibit the sale of American-owned vessels without the permission of the shipping board. Unless Congress decides to do something in the way of equalizing the expenses of operation of American tonnage in the foreign trade after the war, such operation will necessarily be to a considerable extent unprofitable. If experience teaches that it has been unprofitable in time of peace in the past, capital will naturally apprehend that without governmental aid, it will be unprofitable in the future. It will therefore be doubly difficult to induce private capital to enter into that business if it is fettered with a provision that the operating property can not either be operated at a profit or sold to those who, under another flag, can operate it at a profit, and would hence presumably pay fair prices for it. It would no doubt be proper to retain a provision that the vessels built with the \$50,000,000 appropriated by this act, if sold to private individuals, should not be resold, since such resale would deprive the Government of the right of requisitioning the vessels in case of need; but it would be quite unprecedented, and I think fatal to the main purpose of increasing the development of the merchant marine, to provide that vessels built or purchased by private enterprise should not be capable of sale without governmental permission. No competing nation has ever had such a provision in times of peace, and it is not to be doubted that the limitations upon sale which have been imposed by the various carrying nations for the period of the war will be rescinded upon the restoration of peace. To retain such a fetter upon the instrumentalities of our own commerce in time of peace could therefore only place it at an unnecessary disadvantage.

I think the provision in the bill regarding licensing is also highly objectionable for the same reason. The very vagueness of the provision itself would have an unfortunate effect upon investments in

American tonnage. It does not say what kind of a license is intended; whether it is a license to do business generally, such as a corporation in one State must take out in another; whether it is a license that lines must obtain or that every ship must secure; or whether it is for a term of years or months or days or for a specific trip. It says nothing at all except that no corporation, firm, or individual shall engage in the business of transporting passengers or property by water to or from the United States without first obtaining a license so to do from the shipping board, and that if a ship shall, for any reason, load a cargo without obtaining such a license it can not be cleared from our customhouses.

The necessity of securing a license implies the power to revoke it. How can it be expected that new capital will go into a business which requires a license for its conduct, when the investor might think that, owing to some fault in the management of the property, of which he would have no personal knowledge, the conduct of the business might be stopped by the revocation of the license, and yet the instruments by which the business was conducted could not be sold without the leave of the Government? Whether rightly or wrongly, the public will naturally believe that the requirement for such a license is in the nature of a club to compel those who are engaged in it to conduct it to the satisfaction of the Government, rather than in such manner as will yield the largest returns upon the investment. The requirement for the proper conduct of the business should be provided for by more moderate provisions for regulations, so that it can be carried on to the mutual satisfaction of the Government and the investor, without the fear of a revocation of license or possible restrictions upon the sale of the property.

I would therefore respectfully suggest, for the consideration of the committee, that the sections of the bill as they now stand, providing for regulation of the business and for licenses, be eliminated, and that there be substituted in place of them a section in short form, easily comprehended by the ordinary business man, limiting the regulatory power of the board to matters of fair dealing, and providing that the board should merely have authority to prohibit unfair practices. Such a provision would be generally understood. If the investor knew beforehand that only unfair practices, such as discriminatory rates or practices, or improper combinations and agreements, were prohibited and were subject to regulations, he would know what was intended to be prohibited, and could readily appreciate the advantages or disadvantages in investing in a business subject to that measure of supervision.

I do not suggest that the bill intends to be harmful in tone. On the contrary, I know it is not intended to be so, and I fully appreciate the honorable intentions of its framers. Yet it seems to me, in reading it over, the framers of the bill have expressed their intentions in terms of undue harshness. If it is not intended to have all the wide provisions for regulation exercised, they should not be in the bill. A board created with such very ample powers will naturally assume that the authority for regulation conferred upon them constitutes their mandate, and there will be an inevitable tendency on the part of the board to exercise the powers which are conferred upon it.

At least, such would be the view of the man in the street. It is desirable, therefore, to avoid provisions for restrictions that are unnecessary for the fair conduct of the business; it is desirable even to avoid the appearance of a desire to regulate the business to an extent beyond that which the committee may consider to be necessary. The reason for this is that the public will ascribe to the bill whatever intention may legitimately be inferred from the powers of regulation which stand out on the face of it, and, as those powers are now expressed, there is no doubt in my mind that they will operate as a most powerful deterrent upon the entry of private capital in shipping to be operated under this act.

I would therefore very humbly and with the greatest respect suggest that the committee leave out of this bill that part of it which provides for the contingent operation of ships by the Government in competition with private enterprise and the provisions which look to an undue regulation of the business, an unnecessary restriction upon the sale of property employed in it, and all the provisions with regard to licensing. In place of those, I would suggest the substitution of a shorter regulatory provision of the tenor of that which I have previously referred to, and the incorporation in the bill in some form of the basic ideas which underlie the measure H. R. 11865, which has been introduced by Mr. Rowe, without which, in my opinion, no considerable development of the mercantile marine of the United States can be expected unless the United States intends to build and own the whole of the tonnage necessary to handle the commerce of this country in the foreign trade.

I desire also to call attention to two further provisions of the chamber of commerce bill. The first of these provides that the Government may at any time requisition for its own use any vessels which receive equalization allowances upon terms to be determined by an impartial board of three surveyors. The other is that which provides that every vessel receiving such allowances shall carry at least two apprentices, one of whom shall be in the deck department and one in the engineering department, who shall receive instruction, respectively, in the science of navigation and of marine engineering. There would be no objection, I am sure, to increasing the number of such apprentices. This provision is of the kind adopted by foreign nations for the instruction and development of officers and engineers. An apprentice who has served on board ship for a number of years is generally qualified for examination for officer and for engineer and, upon examination, secures a certificate which enables him at once to step up from the position of apprentice to the position of an officer or engineer. Under such a provision the Nation would develop its own officers and engineers automatically with the increase and development of its tonnage. The officers and engineers thus secured would be qualified by the experience and instruction that they would receive while serving in vessels employed in the foreign trades for the proper and intelligent discharge of all the duties which would fall upon them thereafter in serving as officers in such trades.

The CHAIRMAN. I would be very glad if you would suggest that amended provision in reference to regulation, and we will consider it.

Mr. KIRLIN. I do not know that I am competent to do that, but I am quite willing to put my hand to it.

The CHAIRMAN. I wish to incorporate in the record a letter from Mr. George S. Dearborn, president of the American-Hawaiian Steamship Co.:

NEW YORK, February 16, 1916.

DEAR SIR: With an appreciation of the great interest you have had in the development of an American merchant marine in the foreign trade, and long before that question was of the importance that it is to-day, I am taking the liberty of submitting herewith some views that I have upon the subject of the bill now being considered by your committee and also the original ship-purchase bill, and what would have resulted if the latter had become a law:

(1) Not an additional ship would have been added to the ocean-carrying trade, barring, of course, the interned German and Austrian ships.

(2) Such ships as would have been purchased and operated by the Government would, by the limits of the appropriation proposed, have been greatly in the minority of the privately owned ships in the foreign carrying trade. Thus the latter ships, taking the bulk of the business, would have fixed the rates and, assuming that the comparatively small number of ships operated by the Government would have taken freight at lower rates, only a small proportion of all the cargo carried could have received the benefits. Therefore it would have been impossible to apportion these benefits to shippers equitably—those who were fortunate would have reaped the benefits and would thus have received a bounty from the Government, a subsidy in substance, which would have resulted in discrimination as between shippers. The favored shippers, who would be exporters, being middle men, would have pocketed the bounty, in which the manufacturers in this country or the importers in the foreign country would not have participated.

I know of exporters to-day who have long-time freighting contracts at normal rates who are making this difference between those rates and the present abnormally high rates.

Furthermore, had this bill become a law no ships would have been built in this country by private capital, in the belief that the Government, once in the ocean-carrying trade, would gradually extend its operations, and that private capital could never compete. Therefore the unprecedented number of ships now building in this country by private capital would not have been built.

The bill now under consideration differs from the original bill in that it gives the shipping board, to be created, the power to sell or lease ships (to be built or purchased) to private owners, or to operate them through a Government-controlled corporation; so that, as it reads, the Government can go into the ocean-carrying trade, and in view of the fact that it was the declared purpose of the framers of the original bill that this should be, there would be every reason for the public to believe that the members of the board, appointees of the administration, would so order.

In the event of leasing to private owners no method is provided as to whether the lease or sale shall be awarded to the highest bidder. Otherwise, if they are to be leased on the terms that have been suggested—rates of interest and depreciation far below commercial rates—who are to have the benefits of these bounties—and subsidies they would be—in such an event? Such inducements would attract irresponsible adventurers, and, in the event of their failure, the ships would fall back into the hands of the Government.

THE FUTILITY OF ATTEMPTING, THROUGH LEGISLATION, A SOLUTION OF THE PRESENT OCEAN TRANSPORTATION PROBLEMS.

If ships were purchased, a price based upon present fabulous earning power would have to be paid, and to build the number of ships that the appropriation contemplates would require a period of years, at a cost of over \$100 per ton, and before the end of which period it is fair to assume that war conditions will have ended and a sufficient supply of ships of all nationalities will be available to meet the demands of our exporters.

WHAT SHALL BE DONE TO DEVELOP A MERCHANT MARINE?

First, remove the present menace of Government ownership and operation, i. e., the ship-purchase bill, and let nature take its course. In the belief that the ship-purchase bill of a year ago would not be revived an unprecedented

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number of ships were contracted for in this country for the foreign trade, and about 200 foreign-built ships have been transferred to the American flag. Therefore, why arrest this development by injecting the menace of Government participation in any form, except to equalize the cost and operation of ships when necessary?

Owners of American ships engaged in the foreign trade are now accumulating large surplus earnings, which, in the absence of menace, would naturally be applied to further development.

Capital in this country is more interested in shipping than ever before, and, with financing facilities, the present large nucleus of American ships should develop into a fleet of importance, and once that capital is in the business it is likely to remain through good and bad times.

REGULATING WATER RATES.

This would be impracticable and unworkable. Ships receive nothing from the State and can not be forced to operate. To apply interstate-commerce regulations would eliminate the tramp steamer and hamper the regular lines. There is no more reason to fix ocean freights than to fix the prices of the products of the mill. A ship is a factory producing transportation, and the price of this commodity must be governed by conditions of supply and demand, as are the prices of all other commodities. Every steamship man and every important shipper in the country would confirm this.

Controlling practices in steamship business is another matter and could be dealt with.

An American merchant marine half Government owned and half privately owned can not exist together. It must be one or the other. If the Government goes into the business on the small scale contemplated, it will be the opening wedge, which will be driven home to the limit, and privately owned ships will eventually entirely disappear.

Yours, very truly,

GEO. S. DEARBORN.

Hon. J. W. ALEXANDER,
*Chairman Committee on Merchant Marine and Fisheries,
House of Representatives, Washington, D. C.*

Also a letter from Mr. George L. Duval, chairman of maritime committee of the Merchants' Association of New York:

NEW YORK, February 24, 1916.

Hon. J. W. ALEXANDER,
*Chairman House Committee on Merchant Marine and Fisheries,
Washington, D. C.*

DEAR SIR: This association desires to express its opposition to the bill (H. R. 10500) "for the purpose of encouraging, developing, and creating a naval auxiliary, a naval reserve, and a merchant marine," because in its judgment the provisions of the bill will not accomplish the purpose stated.

This bill contemplates—

- (a) The construction or purchase of merchant vessels by the Government.
- (b) The operation of such vessels through a Government-controlled corporation.

Neither of these purposes is desirable, nor is it likely that they will be effective in operation.

It is furthermore practically inevitable that the provisions noted above, so far from encouraging private enterprise to provide additional shipping facilities, will on the contrary effectually prevent private capital from being thus employed by reason of the invariably destructive effect of governmental competition with private undertakings.

This association has hitherto carefully studied the results of Government operation of public utilities and other economic undertakings, and it is convinced that in an economic sense such governmental undertakings are extremely harmful. It may be stated as a general proposition which can be sustained by abundant proof that Government undertakings in the economic field are never as efficient and never as economical as private undertakings; that such Government undertakings, not being dependent upon their earnings, but being supported from the Treasury, tend to exclude private undertakings from similar fields for the reason that private capital will not be risked against Government

competition not based upon their true cost; and, further, that the harmful effect of creating great armies of public employees in connection with business undertakings is extremely serious.

We believe, therefore, that the main and probably the sole result of this bill would be to prevent the entrance of private capital into the building of merchant ships and to put the Government squarely into the business of building and operating merchant ships in competition with those now existing, with great detriment to the latter.

This association has hitherto during a series of years consistently contended that the practical nonexistence of an American merchant marine is due mainly—

(a) To the economic disabilities arising from the lesser cost of construction and operation of foreign-built ships as compared with American ships.

(b) To the disabilities imposed upon American shipping as the result of the navigation laws.

The association has further contended that in order to counterbalance these disabilities and to produce an economic parity between American and foreign built ships, some form of subvention or subsidy should be provided for American shipping under such conditions that its benefits should, with certainty, accrue to American citizens and not to the builders of foreign ships. Such subvention might properly take the form either of a direct bonus to American shipowners for the construction of vessels suitable to be used as naval auxiliaries in the case of necessity, or mail contracts of sufficient liberality to make it profitable to operate American ships upon routes from which no profit can be derived under existing conditions.

The justification for the outlay necessary under such proposed subvention is found in the fact that it is to be applied to supply the necessary element required by the Navy in the national defense, namely, a national merchant marine with all the facilities necessary to repair, overhaul, and replace. Therefore such expense should properly be met by the Nation as a whole. Its result would be the stimulation of private enterprise in shipbuilding as contrasted with the discouragement to such private enterprise which would result from the form of expenditures proposed by the Alexander bill, namely, direct investment of capital by the Government in tonnage to be used in competition with private enterprise.

The association has further advocated the creation of a shipping commission composed of practical men of large experience, not dominated by ex officio members, which shipping board should concern itself with the investigation of economic conditions affecting the operation of shipping, the devising of remedies for conditions found to be adverse, and the development of such modifications of the navigation laws as will tend to make them a help instead of a hindrance to the profitable operation of an American merchant marine.

We do not think that any of the fundamental propositions which we have indicated will be promoted by the terms of the Alexander bill. Hence our opposition to it.

As a further expression of our views upon this subject we have pleasure in inclosing herewith copy of resolutions adopted by this association following a report of the association's maritime committee, appended to those resolutions, which, together with this letter we respectfully request you to present to the committee and to include as a part of the record.

Yours, very truly,

MERCHANTS' ASSOCIATION OF NEW YORK.
By G. L. DUVAL,
Chairman Maritime Committee.

[Greater New York, Nov. 22, 1915.]

ADVOCATES A COMMISSION FOR MERCHANT MARINE.

MERCHANTS' ASSOCIATION BELIEVES THAT MEN EXPERIENCED IN MARITIME AFFAIRS SHOULD BE ASKED TO INVESTIGATE CONDITIONS AND PROPOSE REMEDIES, THAT HARMFUL NAVIGATION LAWS SHOULD BE REPEALED, AND THAT THE LA FOLLETTE LAW SHOULD BE ABROGATED.

Upon the basis of a report made by its maritime committee and in accordance with action previously taken, the merchants' association has defined its attitude upon measures designed to rehabilitate the American merchant marine.

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The members of the merchants' association's maritime committee are: Mr. George L. Duval, chairman; Mr. Charles D. Barry, Mr. Guy Van Amringe, Mr. Silas D. Webb, and Mr. James G. White.

In view of the agitation of the subject and of the possibility of some action upon it during the approaching session of Congress, President William Fellows Morgan asked the committee to make a special report upon the present situation. This the committee did, and with its report it submitted a form of preambles and resolutions defining the position of the association.

RESOLUTIONS ADOPTED.

These preambles and resolutions, after being carefully considered and discussed, with the report by the board of directors, were adopted as follows:

"Whereas the United States Navy requires for efficiency in the hour of emergency a fleet of auxiliary tonnage, which a merchant marine alone can provide; and

"Whereas the creation of such merchant marine has hitherto been prevented by the more profitable employment offered to capital in the internal development of the country, and by the restrictions which our navigation laws have placed on the operation of the United States tonnage coming in competition for the world's commerce, with foreign tonnage; and

"Whereas to meet the conditions arising from the existing war and to induce citizens of the United States to acquire foreign tonnage and bring it under United States registry, the Congress authorized the President to suspend for a term some of the provisions of the navigation laws; and

"Whereas the expectations of the Government from the suspension of the most burdensome requirements of the navigation laws were disappointed, for the reasons that the purchase of foreign tonnage for American registry was impracticable because of prohibitive prices and because capital was unwilling to enter into business operations depending for their success on the tolerance of Government in respect to the suspension of such requirements; and

"Whereas this failure of the Government's expectations gave rise to a project of Government purchase and operation of tonnage in commercial pursuits, which proposition this association has hitherto opposed for the reason, among others, that the investment of private capital in shipping would be practically debarred by reason of the adverse conditions resulting from Government competition; and

"Whereas the provisions of the seamen's act—commonly known as the La Follette Act—add new burdens to the operations of United States tonnage and create conditions of further heavy discrimination to the advantage of foreign tonnage, and therefore still further discourage the investment of capital in United States tonnage: Be it

Resolved, That the Merchants' Association of New York reaffirms its advocacy of Government aid to a merchant marine to the extent and for the time necessary to offset the conditions that now impede its development; and

Resolved, That it is opposed to the purchase or operation by the Government of ships for commercial purposes; and

Resolved, That it is in accord with the adverse opinion held in shipping circles generally concerning the La Follette seamen's act, and therefore urges its repeal; and

Resolved, That inasmuch as temporary suspension of portions of the navigation laws has proven of no avail, in the opinion of this board those portions of the navigation laws which unduly impede the building and operation of American ships should be permanently repealed; and

Resolved, That it favors the creation of a merchant marine commission, composed of citizens experienced in maritime affairs, for the purpose of fully investigating the conditions which now operate against American shipping, and of recommending such revision of the laws as may be desirable and necessary."

REPORT OF THE COMMITTEE.

The report of the committee, which was adopted as a memorandum to President Morgan, was as follows:

"Your committee deems it opportune, in view of the approaching session of Congress, to reaffirm its views concerning a national merchant marine and the collateral subjects now engaging public attention.

"The merchants' association has for the past 15 years earnestly advocated necessary assistance from the Government for the development of a merchant marine of national construction as an essential adjunct to the Navy in the national defense. It has been obliged to oppose the various subsidy measures considered by the Congress during that period because none of them would serve that purpose effectively. The Navy, which is the just pride of the entire country, requires for its efficiency in the hour of emergency a fleet of auxiliary tonnage, which a merchant marine would provide. An integral part of such requirement is the facility to repair, overhaul, and replace such tonnage, for which purpose more shipyards are necessary, and for this reason and on behalf of shipbuilding in the United States the association has opposed any grant of public money, directly or indirectly, to foreign tonnage, even when acquired by citizens of the United States and transferred to our flag."

DECLINE OF SHIPBUILDING.

"From an important industry, as it was prior to the Civil War, shipbuilding in the United States languished until it became practically confined to tonnage for coastwise purposes. The two principal causes for the lapse were the more profitable employment offered to capital in the internal development of the country and the restrictions which our navigation laws have placed on the operation of United States tonnage coming in competition with foreign tonnage for the world's commerce, including our own.

"The association has sedulously avoided making any claim upon Government in the name of commerce on behalf of a merchant marine because commerce has not required transportation under the national flag but has progressed by inviting free competition for its service of the world's tonnage, of which there has been an abundant supply. Whatever satisfaction would accrue from carrying our products to foreign markets in vessels flying our flag and bringing back foreign products under the same auspices, it is not to be expected that a greater demand abroad or at home would ensue, or that consumers would be willing to pay a higher price because of the carrying flag."

EFFECT OF THE WAR IN EUROPE.

"Freight rates on ocean routes generally at the outbreak of the war in Europe were at a low level and, without Government aid, would not permit tonnage flying the United States flag to operate. Had there been at that time, or previously, a considerable merchant marine of the United States it would either have replaced to a measurable extent the foreign tonnage in operation or have been redundant. It would have been a national asset through the advantage gained by the higher freight rates that supervened, but its advantage to commerce would be limited to the premium of insurance attaching to war risk on belligerent tonnage, because it is not to be expected that the owners of such tonnage would forego the higher freights obtainable.

"To meet the conditions caused by the war and to induce citizens of the United States to acquire foreign tonnage and bring it under United States registry the Congress authorized the President to suspend for a term some of the conditions of the navigation laws that made it impracticable to operate tonnage of the United States in competition with foreign tonnage, and a limited amount of foreign tonnage previously owned or controlled by citizens of the United States was transferred to United States registry. As far as your committee is informed, however, no foreign tonnage was acquired for that purpose under the indulgence granted by the suspension of the onerous requirements of the navigation laws; indeed, the purchase of tonnage at the price it was held became practically prohibitive, and capital was unwilling to undertake an operation depending for its success on the tolerance of Government in respect to the suspension of such requirements. Among the provisions of the navigation laws, that which requires the watch officers to be citizens of the United States is the most burdensome by reason of the higher wages commanded by a limited class; yet without such provision the value of a merchant marine as a reliance of the Navy is greatly impaired, and your committee is of the opinion that the provision as a permanence is a wise and necessary one, without prejudice to the justification for a temporary suspension under the conditions which prevailed."

THE SHIP-PURCHASE BILL.

"The expectations of the Government from the suspension of the most burdensome requirements of the navigations laws were disappointed and gave rise to a project of Government purchase and operation of tonnage in commercial pursuits. The association, at the request of the Chamber of Commerce of the United States, expressed its opinion on that project and stated its reasons for an adverse view, which may be paraphrased and amplified as follows:

"It would be a pernicious departure from the functions of Government for the relief of a department of commerce from the effect of natural causes, and would establish a precedent that every other department of commerce would in its turn be entitled to invoke. Your committee, in stating these views, is not unmindful of the right of Government to control and suppress oppression, but it is not oppression that confronts us. The phenomenal advance in freight rates does not bear upon the commerce of the United States alone; it is world wide, affecting all commerce, and obeys the law of supply and demand. The enforced withdrawal from the service of commerce of a large volume of the world's merchant marine, the requisition by belligerent Governments of a large proportion of tonnage remaining in operation, and the destruction of a considerable proportion of that which was in service before the war are each contributing causes to the present scarcity. It is evident that the total of tonnage thus diverted from its ordinary pursuits is greater than the curtailment of commerce caused by the war, so that which continues to be available is in position to command its own price, just as the scarcity of any commodity would augment its value in proportion to the needs of the community."

PROVISION INADEQUATE.

"Even if justification could be shown for the project of Government, the appropriation proposed would be totally inadequate to acquire the tonnage required by the commerce of the United States. The motive being to maintain a lower level of freight rates than is otherwise accessible to commerce, it is evident that, however unwittingly, favoritism would ensue either in selecting the routes to be served or in the bookings secured by shippers should the tonnage be fairly distributed over all the routes of commerce. There is, moreover, no appreciable volume of existing tonnage open to Government purchase—unless it could come to terms with the owners of interned tonnage without violating the laws of neutrality. The ownership and operation of tonnage by Government would be harmful to the cause of the merchant marine in placing an embargo upon private enterprise in that department of commerce, while in an adequate sense and in its continuance a merchant marine relies upon private enterprise. The extraordinary measures proposed by Government are designed to meet the emergency of an era of high freights. Should Government resolve to acquire a merchant marine through the medium of our shipyards, it would give a happy impetus to shipbuilding, but the tonnage would not, it is to be hoped, be available until after the war and the resumption of normal conditions. In this case, or in any case, upon the return to normal, Government would have an enterprise on hand that could not compete with private enterprise more economically conducted, free of the 'red tape' inseparable from public business and managed by experience and judgment that it would be difficult, if possible, for a department of Government to acquire."

PARTNERSHIP IMPOSSIBLE.

"A partnership between Government and private interests, as was suggested in the ship-purchase bill, is manifestly impracticable. The control in such a partnership would necessarily be with the Government, while the management would depend on the efficiency of the junior partners, hampered by conditions attaching to all governmental functions and repugnant in the conduct of commerce. Finally, it is obvious that even the greater economy in the administration of a private enterprise would not be an inducement to enter into competition with Government, because the advantage in periods of high freights would be neglected by Government while essential to private interests, which during periods of unremunerative freight would have its own losses to foot, whereas Government has the power of distribution."

THE SEAMEN'S ACT.

"Under these circumstances and in face of the amelioration granted by the Government from the conditions of the navigation laws which impeded development of a merchant marine, the seamen's act, commonly known as the La Follette bill, was enacted by Congress, to take effect at an early date, designed 'To promote the welfare of the American seamen in the merchant marine of the United States,' etc. Its provisions add new burdens to the operation of United States tonnage. So far as the burdens bear on all alike it is not a hardship upon the operation of tonnage because it will be covered in the freight rates and made a charge upon commerce, ultimately upon the consumer. In the coastwise trade such an effect is inevitable, but in the foreign service the act discriminates against United States tonnage, upon which some of its requirements impose exclusively, while the requirements that equally affect foreign tonnage apply only to commerce with the United States. Thus, the act in denying to United States tonnage a competitive status on foreign routes impairs its value and still further discourages the investment of capital therein. The act has also a harmful effect upon the foreign commerce of the United States in competing with other foreign countries for the markets of the world, inasmuch as the rates of freight outward and homeward from and to the United States must necessarily be higher than the rates of freight outward and homeward from foreign countries to the same markets.

"It is evident, therefore, that the law is a grievance to a national merchant marine which can not make headway against discriminating charges. Your committee respectfully suggests that if the seafaring class is a natural and exclusive ward of the Government, then provision should be made, at the public charge, for the required care and protection, so that the expense is not visited on an industry already so handicapped as to put it out of competition, particularly when that industry is one upon which the national defense is in no minor degree dependent."

SHIPPING COMMISSION FAVORED.

"Your committee strongly favors the appointment of a shipping commission, composed of practical men, to take cognizance of all matters pertaining to a merchant marine, the commission to be required to investigate the conditions that make against a national merchant marine and to report to the Congress upon such aid as is necessary to offset the impediments imposed by law or otherwise.

"Your committee believes, notwithstanding the scandals associated with the name of subsidy in the past and the effort made in recent years to appropriate such a public grant to private advantage, that a campaign of education throughout the country on behalf of a subvention—by whatever name it is called—to a merchant marine of national construction, as an adjunct to the Navy in the national defense, will meet with the response that the citizens of the United States are accustomed to give to a call upon their patriotism. It believes, moreover, that there has not hitherto been a more propitious time for such a call than the present when the transcendent need of measures on behalf of the national defense is so apparent to all open-minded citizens.

"Your committee is confirmed, accordingly, in its advocacy of legislative aid to a national merchant marine to the extent and for the time necessary to offset the conditions that now impede its development; it is opposed to the ship-purchase project of the Government; it is in accord with the adverse opinion held in shipping circles generally concerning the La Follette bill, and is in favor of the creation of a merchant marine commission composed of citizens of experience in maritime affairs."

(Thereupon at 5.40 o'clock the hearings were adjourned until Saturday, February 26, 1916, at 10.30 o'clock a. m.)

wherever they can be purchased anywhere in the world, and thrown into a trade which is not a very large trade, and compete in a trade which these gentlemen have spent their lives and money building up, and in which they are using American-built ships. There is no more reason for destroying and tearing down the trade they have built up with the Hawaiian Islands than there is to destroy the coastwise trade from New York to Galveston or between any other coast ports.

The CHAIRMAN. Governor, what do you think about this proposition: Suppose a line were established from New York to the Far East—Japan or China—going from New York to San Francisco or Seattle, and thence on to Japan, and back by way of Seattle or San Francisco to New York, and calling at the Hawaiian Islands going and coming? Would you say that that line should not be permitted to carry freight and passengers from New York to San Francisco, or take part of its cargo from New York and discharge it at San Francisco, and take on passengers at San Francisco to go to Hawaii, and thence proceed on her journey?

Mr. GILLET. Well, that would then be bringing these vessels right in competition with the coastwise trade of this country. Such a ship in such a voyage might also stop at Charleston, Savannah, and all other way ports. Of course, if that is what the Government wants to do, it can do it, but as I understand it, that is not the policy, but the policy is to build up a merchant marine to engage in the foreign trade and not in the coastwise trade.

The CHAIRMAN. That has been suggested, and I am simply trying to get your opinion on this point.

Mr. GILLET. I think if there is a regular line of steamers operating between New York and San Francisco, handling American commerce from port to port, that trade ought not to be interfered with by a trade that is established for an over-sea trade, because your ships could go through the canal and direct to any place in the Pacific Ocean, any place they wanted to go, without going up to San Francisco or Seattle for a cargo, because that would be interfering with cargoes that are necessary to maintain our coastwise trade. That is the reason I said I think it would interfere with the coastwise trade.

Mr. HARDY. You would rather the commerce of the United States should suffer than to interfere in the least with the coastwise trade?

Mr. GILLET. No; I think the commerce of the United States can be protected, and will not suffer.

Mr. HARDY. That seems to have been the idea all these years, until now our flag has gone from the sea.

Mr. GILLET. Yes; but if you are going to maintain your flag on the sea by doing both the foreign commerce and the coastwise, you may destroy the coastwise trade and then fail to build up the foreign trade, and we won't have either.

Mr. HARDY. How is it possible to destroy the coastwise trade when by law it is limited to ships under our flag?

Mr. GILLET. If you are going to put ships in there in competition with ships built in American shipyards—ships built foreign that are cheaper—then you are competing with men who have gone to great expense to build up this trade and who can not compete.

Mr. HARDY. Have you any objection to our shipbuilders being able to and in fact they are building cheaper ships than ever before?

corporation, firm, or individual, a citizen or citizens of the United States, desiring to use them in the transportation of the commerce of the United States with foreign countries, or with Alaska, the Panama Canal Zone, the Philippine Islands, the Hawaiian Islands, or the islands of Porto Rico, etc.

Alaska and the Hawaiian Islands are within the coastwise trade and they form a very important part of the coastwise trade of the Pacific coast.

Mr. EDMONDS. And Porto Rico also.

Mr. GILLETT. And Porto Rico on the eastern coast. We have had for a number of years on the Pacific coast men who have been busily engaged in building up commerce between the Hawaiian Islands and the mainland and Alaska and the West Coast States. They feel that this bill, if it permits a corporation formed by the United States and controlled by the United States to take part in this coastwise trade, will seriously injure the business which they have established and which they have built up, and they see no reason why the coastwise trade of the Pacific coast should not be protected the same as the coastwise trade of any other part of the country. In other words they feel that the coastwise trade between San Francisco and Honolulu should be as carefully protected and cared for as the coastwise trade between New York City and Galveston.

But I might say that the Matson Navigation Co. is running a splendid service between the Hawaiian Islands and San Francisco. Capt. Matson started a number of years ago in a small way, with a small sailing ship, and he has been building up the business until now there are seven or eight large vessels engaged in the business and the company has under construction at the Union Iron Works in San Francisco, a magnificent ship that will cost over a million and a half. They have built up this trade, and they are giving a splendid service at reasonable rates. They want to be protected the same as the coastwise trade in any other section of the country is protected and they are fearful that this bill, unless it is properly amended, will interfere with this trade. Not only is Capt. Matson fearful, but there are other San Francisco people who are doing a business with Alaska. Therefore, I want to ask that this section 4 be amended by inserting the following after the word "President," in line 20:

Provided, however, That no vessel built without the United States or owned, chartered, or leased by any firm, corporation, or association in which the United States has any interest shall be used in the coastwise trade with Alaska, Hawaiian Islands, or Porto Rico if such trade is being adequately served by a regular line of vessels operating between the United States and such places.

Of course, if there is no regular service, or if it is not being adequately cared for, that is different; but as long as a regular service exists there, and regular steamers are going to those places, and the people are getting adequate service (and, of course, the question of rates will be fixed by the board which this bill provides for), then I can see no reason why, and the Matson Navigation Co. can see no reason why, there should be this discrimination.

Mr. BRUCKNER. You said that this line gives satisfaction at present?

Mr. GILLETT. Yes; it is a splendid line. It has fine steamers and regular sailing days.

Mr. BRUCKNER. It sails on scheduled days?

Mr. GILLETT. Yes; it sails on scheduled days. It has as many steamers as you will find here on the Atlantic, with music on so

of the ships, and everything on board to make it a splendid and enjoyable trip. And they are building another fine ship at the Union Iron Works to take part in this trade. This trade has been built up through years of industry and through hardship until now it is one of the best-served trades in the country. It is within our coastwise trade, and they feel that they ought not to be placed in a position where a corporation that the Government controls will throw into this trade a lot of ships that have been bought in foreign countries at a cheap price. We have no trouble with the coastwise trade; we have abundant for that trade.

The CHAIRMAN. I beg your pardon, Governor, but the testimony before the committee is overwhelming to the contrary.

Mr. GILLETT. We ought not to have.

The CHAIRMAN. No; because American shipping has a monopoly in this trade. If we do have foreign ships coming in the coastwise trade, it will be just because American ships do not give the people of the United States proper facilities.

Mr. GILLETT. If you have a board, Mr. Chairman, that has the power to regulate rates and control rates, then you control the situation, and you can control it better that way than you can control it by permitting foreign companies and foreign vessels to engage in our coastwise trade, it seems to me.

Mr. HARDY. You do not consider these foreign vessels—vessels which belong to the United States and are under its flag and its rules and regulations?

Mr. GILLETT. No; but I say there is no reason why the United States should engage in the coastwise trade, as long as it can control it by your shipping board and its power to regulate rates. I understand that the purpose of this bill is to further our commerce with foreign nations, in order that our flag may be put on the ocean again in the foreign trade, not that we want to tear down or interfere with or make difficult the way of those who have for years been engaged in our coastwise trade. There is no reason why the Government should engage in the coastwise trade, when you have a board that can regulate the rates as well as the railroads to-day are regulated, and I think we ought to keep up in this country a great many shipyards and have them well equipped to build ships; and if we have a coastwise trade they are building ships for that coastwise trade. That is a very important industry in this country.

Of course, if the bars are to be taken down and the coastwise trade is to be thrown open to foreign-purchased ships, or if the Government of the United States is going to form a corporation, in which it has a majority interest, and go into the coastwise trade, then it should throw it all open. We feel on the Pacific coast, where that is part of our trade, that we should have as full protection as you have here on the eastern coast, and when you interfere with the Alaskan trade and the Hawaiian trade—that is, coastwise trade; where it is being regularly served and adequately served with splendid ships—that you are interfering with business that has been built up by American enterprise and American industry and American money.

The CHAIRMAN. I was told in Honolulu last May that the chamber of commerce and commercial organizations of that city, with the exception of 1 vote, had voted in favor of excluding the Hawaiian

Islands from the coastwise trade, and of permitting foreign ships trading to and from the Pacific coast to call at Honolulu and transport passengers and freight. Now, I take that to be the attitude of those people. I agree with you that the facilities are being constantly improved, and that fact ought to be taken into consideration—not only by Matson, but by others.

Mr. BURKE. I would like to ask the governor a question. Suppose the pending bill becomes a law without that amendment—

Mr. GILLETT. Yes.

Mr. BURKE. Do you suppose for one instant that any shipping board is going to be so foolish as to establish a Government line in competition with any other lines affording adequate transportation between the Pacific coast and the Hawaiian Islands?

Mr. GILLETT. I should hardly think so; I should hope they would not.

Mr. BURKE. Is it not the very purpose of this bill to develop new lines where there are no adequate commercial or shipping facilities now?

Mr. GILLETT. Yes.

Mr. BURKE. Then, do you think there is any danger of a shipping board being so foolish as to establish a line between the Pacific coast and the Hawaiian Islands if there are adequate transportation facilities now?

Mr. GILLETT. When you get a lot of business men tied up with the Government in shipping, and trade may be pretty hotly pressed in some of the places where you have tried to establish it, and they find themselves with a great many ships on their hands and operating at a loss, then they might turn to the coastwise trade and go into it to save themselves. It might be possible to do it; I don't know. But if the provision of the bill is that they can not do it, then they won't do it.

Mr. BURKE. The very essence of your amendment is that they shall not establish any line between the United States and the Hawaiian Islands if there are already sufficient transportation facilities?

Mr. GILLETT. Yes. And also that there shall not be used in that trade foreign-built ships. In other words, that foreign-built ships shall not be used in the coastwise trade of this country. This bill now permits foreign-built ships to engage in that trade, as far as the Hawaiian Islands, Alaska, and Porto Rico are concerned.

Mr. BURKE. That would be true if the board would be so foolish as to put a competing line there when there are already sufficient transportation facilities.

Mr. GILLETT. Yes; but suppose some other company in which the Government is not interested should establish a line there, with the cheaply constructed ships of Europe, in competition with the ships that the people here have built in our own shipyards; that is what this bill as it now stands makes possible.

Mr. EDMONDS. That is, outside of Government ownership by this Government corporation?

Mr. GILLETT. Yes; outside of Government ownership. This amendment which I have offered does not go to a line operated by the Government alone, but it is intended to protect that trade, that coastwise trade, from vessels that are constructed outside of the United States, outside of American shipyards, purchased cheaply

never they can be purchased anywhere in the world, and thrown into a trade which is not a very large trade, and compete in a trade in which these gentlemen have spent their lives and money building up, and in which they are using American-built ships. There is no more reason for destroying and tearing down the trade they have built up with the Hawaiian Islands than there is to destroy the coastwise trade from New York to Galveston or between any other coast ports. The CHAIRMAN. Governor, what do you think about this proposition: Suppose a line were established from New York to the Far East—Japan or China—going from New York to San Francisco or Seattle, and thence on to Japan, and back by way of Seattle or San Francisco to New York, and calling at the Hawaiian Islands going and coming? Would you say that that line should not be permitted to carry freight and passengers from New York to San Francisco, or a part of its cargo from New York and discharge it at San Francisco, and take on passengers at San Francisco to go to Hawaii, and once proceed on her journey?

Mr. GILLETT. Well, that would then be bringing these vessels right into competition with the coastwise trade of this country. Such a ship on such a voyage might also stop at Charleston, Savannah, and all other way ports. Of course, if that is what the Government wants to do, it can do it, but as I understand it, that is not the policy, but the policy is to build up a merchant marine to engage in the foreign trade and not in the coastwise trade.

The CHAIRMAN. That has been suggested, and I am simply trying to get your opinion on this point.

Mr. GILLETT. I think if there is a regular line of steamers operating between New York and San Francisco, handling American commerce from port to port, that trade ought not to be interfered with by a trade that is established for an over-sea trade, because your ships would go through the canal and direct to any place in the Pacific Ocean, any place they wanted to go, without going up to San Francisco or Seattle for a cargo, because that would be interfering with cargoes that are necessary to maintain our coastwise trade. That is the reason I said I think it would interfere with the coastwise trade.

Mr. HARDY. You would rather the commerce of the United States should suffer than to interfere in the least with the coastwise trade?

Mr. GILLETT. No; I think the commerce of the United States can be protected, and will not suffer.

Mr. HARDY. That seems to have been the idea all these years, until now our flag has gone from the sea.

Mr. GILLETT. Yes; but if you are going to maintain your flag on the sea by doing both the foreign commerce and the coastwise, you must destroy the coastwise trade and then fail to build up the foreign trade, and we won't have either.

Mr. HARDY. How is it possible to destroy the coastwise trade when the law it is limited to ships under our flag?

Mr. GILLETT. If you are going to put ships in there in competition with ships built in American shipyards—ships built foreign that are cheaper—then you are competing with men who have gone to great expense to build up this trade and who can not compete.

Mr. HARDY. Have you any objection to our shipbuilders being able to build and in fact they are building cheaper ships than ever before?

Mr. GILLETT. I think they out to, and I think the days are far arriving when they will do so.

Mr. HARDY. Is it because you have paid your price and serious object to ships getting any cheaper, because somebody can buy the cheap ships and compete with you?

The CHAIRMAN. Or else the Government make up the difference.

Mr. HARDY. Or else the Government give you a subsidy?

The CHAIRMAN. Governor, let us get your viewpoint on this proposition. Suppose the Government should build ships in Government navy yards or privately owned shipyards and charter those ships and sell them to American citizens to engage primarily in the foreign trade, what objection would there be to those ships carrying passengers and freight from, for instance, New York to San Francisco and then proceed from San Francisco on to China or Japan? Now those ships were built in American shipyards and were manned by American sailors.

Mr. GILLETT. I would have no objection to that at all.

The CHAIRMAN. It might interfere with Mr. Matson, but it would be a great convenience to the people of the Pacific coast.

Mr. GILLETT. I do not think Mr. Matson has any objection to a ship built in American shipyards and operated by an American company engaging in this trade to Honolulu if it wants to.

The CHAIRMAN. They could engage in the coastwise trade as part of the extended journey.

Mr. GILLETT. He has no objection to any ship that is built in this country going into the trade that he is engaged in, and which is operated by an American company and under our flag, but he has objection to ships engaging in the trade that are not built in this country—ships engaging in the coastwise trade in competition with him that are built in some foreign country under the foreign-wage scale. As long as the ships are built in this country and built by the United States Government and sold to our citizens they should have a right to engage in the coastwise trade or foreign trade and have all the opportunities they can get. I am sure Capt. Matson has no objection to that; but he does object to competition by foreign-built ships with his American-built ships.

Mr. GREENE. Is it not also the fact that these foreign-built ships could be foreign officered and foreign manned?

Mr. GILLETT. Yes; and operated under foreign conditions.

Mr. GREENE. By authority of the registry bill already created, if within the wisdom or belief of the President it was wise to do so; it is left to his discretion. Would not that create an additional competition that would be unjust to the coastwise trade?

Mr. GILLETT. It would be unjust not only to Capt. Matson but to every other company engaged in the coastwise trade to-day. They should all be protected.

The CHAIRMAN. Yes; and yet that legislation was promoted here by the very people who are opposing this legislation now.

Mr. GREENE. I did not promote any such legislation.

The CHAIRMAN. You did not have anything to do with it. The New York people did it—the very people who appeared here last Thursday in regard to this bill.

Mr. EDMONDS. Have you read the regulations in regard to the freight rates in this bill?

Mr. GILLETT. I have not.

Mr. EDMONDS. You do not know what they are, then?

Mr. GILLETT. No.

Mr. EDMONDS. You would not want to say whether Capt. Matson approved those regulations or not?

Mr. GILLETT. I can say I am satisfied Capt. Matson has no objection to rates being regulated at all. I think now the rates from San Francisco to Honolulu are very cheap over his lines, and he can have no objection, and I know he has none, to rates being fairly fixed and established by the board, because that would put everybody then on the same basis.

The CHAIRMAN. I do not think there was any complaint of the rates when I was in Honolulu last spring. It is just a lack of facilities.

Mr. GILLETT. There are a couple more amendments that I will leave with the committee here. In the same section, section 4, after the word "corporation," in line 23, page 5, in that part which reads:

That vessels constructed in American shipyards and navy yards, under the provisions of this act, may be chartered, leased, or sold to any such corporation, firm, or individual, a citizen or citizens of the United States, for use in the coastwise trade of the United States, particularly the trade between the Atlantic, Gulf, and Pacific coasts.

Of course, if it is intended that the corporation formed under this law is to engage in the coastwise trade, the bill is all right as it reads. But if it is intended that that corporation shall not engage in the coastwise trade, then I think an amendment ought to be made by putting after the word "corporation" the following: "excepting one in which the United States is a stockholder or has any interest."

Otherwise the corporation formed by this act could engage in the coastwise trade anywhere or any place. I do not know whether that is the intention of the bill or not. If it is the intention of the bill that this corporation shall engage in the coastwise trade, why, then, the bill is all right as it stands, but if it is not the intention that it should engage in the coastwise trade, then, I think that amendment ought to be made.

Then, in section 8, page 10:

That the board hereby created, if in its judgment such action is necessary to carry out the purposes of this act, may form, under the laws of the United States or of the District of Columbia, a corporation or corporations, with capital stock in such amount as the board may prescribe, such capital stock, however, to be within the limits of the appropriations made by this act, whose object shall be the purchase, construction, equipment, maintenance, and operation of merchant vessels in the commerce of the United States and with foreign countries and with Alaska—

If it is intended, as I said before, that they are going into the coastwise trade, then that is all right. But if it is not intended that they shall go into the coastwise trade, then the word "and," after "United States," should be stricken out, so that it should read: "In the commerce of the United States with foreign countries and with Alaska."

As it now reads, it is for the United States, anywhere, on the Great Lakes, or on the rivers, or in our coastwise trade. That is broad enough to permit this corporation that is to be formed to do business anywhere on this continent. I do not know, as I say, whether that was the purpose of the draftsman of the bill or not, but if it is intended that this corporation shall not engage in the coastwise trade,

and shall be formed for the purpose of trying to build up our foreign trade, then that word "and" ought to come out.

I think I have said all I have to say, and I thank you very much for this opportunity for saying so much.

**STATEMENT OF MR. JOHN A. PENTON, OF CLEVELAND, OHIO
EDITOR OF THE IRON TRADE REVIEW, AND THE DAILY IRON
TRADE AND METAL MARKET REPORT.**

MR. PENTON. I want to say, Mr. Chairman, that perhaps I am at a disadvantage, or perhaps at an advantage in not having any direct or indirect interest of any kind whatever with anybody engaged in the ship-owning, shipbuilding or ship-operating industry, and I have never had.

Some years ago I attended one evening a little dinner function in Cleveland, where the question of a new merchant marine was under consideration, and somebody suggested an organization of some sort a little sentimental, patriotic matter in Cleveland, to see if something could not be done to carry on a little educational campaign in that city on that subject. Somebody turned over and on the back of a little menu wrote out a set of suggested by-laws, and then officers were suggested. I happened to be an unfortunate newspaper man and they made me secretary. And I knew as little about the subject as anybody in the world. A few days after that the newspapers carried the story of an association being formed, and the first thing I knew we woke up one morning and found ourselves famous. I think we had 16 members at the start, and we were going to charge \$10 a year dues. I did not know what we were going to do with so much money as \$160. But we had to have a few letter heads printed and a little stationery. We gradually began to study the question, and our little association, which was entirely a nonpartisan patriotic affair, grew in size until it had members in every State of the Union, and a vice president in every State; and, while we did not take any part as for or against any specific character of legislation, we did finally indorse the ocean mail act of 1891 simply because it was recommended by two different Presidents of the United States, a number of Government officials, and about 100 business men's associations and committees of both House and Senate. But when the campaign for free ships was on and being advocated by certain Senators and Congressmen we never raised our voice, feeling that that method would accomplish nothing. And when Congressman Underwood, and others in the House, and Senator Newlands, and others in the Senate, by speeches indicated that they were in favor of preferential duties the league officers felt that if Congressman Underwood and Senator Newlands said it would accomplish the purpose they were in a position to know. So that without having any great feeling for or against any method we were interested only in something which would do the business.

I speak of that as perhaps giving a little excuse for my being here. This is a subject in which we have been very much interested, and our little association through speeches and debates, magazine articles, newspaper articles, etc., has carried on quite an effective educational campaign for a good many years.

Later I was a member of the committee of the Chamber of Commerce of the United States which prepared the report presented last year. A referendum was taken on that, with which you are familiar, and I think that it is fairly representative of the thought of the people of America. A referendum was taken of all of the members of the Chamber of Commerce of Cleveland, a voting paper being sent to all of the members, and a copy of the result of that I have in my pocket, showing how the individual members voted on all of the propositions submitted by the Chamber of Commerce of the United States if your committee would desire to see it.

The CHAIRMAN. We have the method of taking the vote. I believe, of all the constituent bodies of the Chamber of Commerce of the United States already in the record, given by Mr. Fahey, who was until recently president of the Chamber of Commerce of the United States.

Mr. PENTON. Perhaps that did not give the vote taken by ballot of any individual chamber. I think most of them voted by directors.

The CHAIRMAN. He gave the method of how each vote was taken, I understand. I have not read his statement, but I understand in each case, where it was taken by a referendum vote. He indicated that and made a very full report.

Mr. PENTON. I did not know that. I do not want to take your time, but I have this vote if you want to see it. I was here two or three weeks ago, accidentally, when you had a gentleman before you, and I secured some ideas at that time, and I asked you if I might not have an opportunity to come before your committee. There seems to be quite a little bit of opposition to the word "subsidy," and upon that I wish to say a few words, if I may.

The CHAIRMAN. We are having hearings now on House bill 10500.

Mr. PENTON: Yes; I do not think there is any opposition to the use of the word "subsidy" in this country. I think we had 100 resolutions at one time, adopted by the different chambers of commerce and the different business men's associations in America, advocating what was called a subsidy bill; although, as I understand it, there has not been a subsidy proposition before Congress for the last 15 or 16 years. The ocean-mail act was a measure authorizing the Postmaster General, if he saw fit, to advertise for bids for vessels to carry the mails, and to render the Government certain services therefor, such vessels to be built in American shipyards, and officered by Americans, and to be built subject to Government regulations and inspection. The bill passed the Senate unanimously, as I remember. It carried with it a proviso that the gross expense under that bill, in any one calendar year, should not exceed the net revenue derived, and, under those circumstances, the bill passed the Senate unanimously and was defeated in the House by only three votes. Now, I think we do give many subsidies—practical subsidies. I think the appropriations for the river and harbor improvements are very much a subsidy, and they are indorsed by the beneficiaries from various parts of the country. And I think that the money appropriated for irrigation purposes, the boll weevil in the South, and matters of that kind, are all very desirable and proper subsidies.

I am a newspaper publisher, and I want to say that I believe the newspaper fraternity of the United States receives one of the

greatest subsidies in the whole known world. I saw by some recent reports that 1,100,000,000 pounds of mail was carried as second-class mail matter at 1 cent a pound last year. I know we sent out a good many thousand pounds in the mail ourselves for 1 cent a pound postage. That is less than the Government can carry that mail for but we believe that money is used for a good purpose.

The CHAIRMAN. I believe that last year it cost the Government 4 cents a pound.

Mr. RODENBERG. I have seen it estimated at 9.2 cents a pound.

Mr. PENTON. If the cost is 4 cents a pound, it would be a subsidy of \$33,000,000 if you are correct. Some publishers declare it is about 2 cents, and other authorities say it is 8 cents, but I am glad to accept the statement of the chairman. I am only giving that as an illustration. But what we are trying to do, and what we know you gentlemen are trying to do, is to accomplish something here in a patriotic way in this country. I am willing to accept the statement that the chairman makes that it is perhaps 4 cents. I do not know.

The CHAIRMAN. I would not want to say that on my own authority. But I think that would be a conservative estimate. The commission appointed by Congress, of which Justice Hughes of the Supreme Court was chairman, investigated the whole matter and recommended an increase to 2 cents.

Mr. PENTON. Even that would be \$22,000,000 a year as a subsidy. However, I only want to mention this—that this is a subsidy in my judgment, although I think it is quite a worthy subsidy; and being engaged in the newspaper business myself, I am for it, and everybody else in the business is in favor of it, and, as I say to you, I think it is quite a worthy subsidy, and is very largely passed on to the people who receive the publications, because there are scores of magazine publications in this country, wholly worthy ones, that would have to go out of business without that subsidy. So I do not think there is the antagonistic feeling toward the word "subsidy" that some people might think.

But I wish to say in reference to this particular bill, that a few weeks ago I had an opportunity of taking lunch one day with the president of a very large shipbuilding company. I know that you will ask me his name, but I do not believe, without his consent, I can give it to you, although I will be glad to try to get his consent if you so desire. You remember a few weeks ago the newspapers had a story about a large corporation being formed to build a shipyard on the Delaware River which would be the biggest in America, and that the promoters went before a certain New York trust company for the purpose of arranging the financing of a \$20,000,000 corporation for that purpose and were told that "in view of the general unfriendly feeling of the Government toward merchant marine enterprises or the feeling the people have that the Government is unfriendly to private enterprise (we will put it that way—we won't say that the Government is) we do not feel that we can undertake to float your corporation or finance it for you. If it was a steel business or an automobile business or any other kind of business, we would finance it."

The result is that to-day there is no money whatever being spent—at least, not very much, except for necessary enlargements by the shipbuilding concerns already in existence—in buying and building

new shipyards, in spite of the fact that all of the shipyards on the Great Lakes and on salt water have nearly three years' work ahead. They have now contracts on hand with which they won't catch up until 1918, with the ships that they have not contracted to build, and it is not possible for the Government, if this bill were passed, to place a contract for a ship before that time. And yet there is one hundred and fifty-odd million appropriation now to enlarge the steel plants in different parts of America, while little or nothing is being invested in the shipbuilding business. Yet everybody knows that just now the shipbuilding business is unusually profitable. So I think there is a feeling about the attitude of the Government which perhaps this committee might allay. I am not going to state, as I heard one gentleman say the other day, that it was all on account of unfair navigation laws, although that is a familiar statement which everybody hears; but one statement struck me as showing one particular unfairness. Col. Goethals said the other day that of two ships exactly the same size, going through the Panama Canal, one paid \$500 more than the other; the American ship paid \$500 more than the foreign ship, its sister ship. That is one of the things we hear about, and I mention that, because, if it is a fact, I am sure it is only a question of coming here and getting relief.

I believe that there are tens of millions and hundreds of millions of dollars willing to go into this enterprise in the United States if the people could feel that they were going to have any safe, certain measure of security. And, if I might be permitted, Mr. Chairman—because I know how patriotically inclined you gentlemen are and how anxious to aid you are, if you can—if you will just give a little thought to the people you really mean to help I believe that, while you have this Government-ownership proposition in mind, you are not trying to discourage the shipbuilding plants and discourage the individual from building new shipbuilding plants, which you intend to aid, but think of Government ownership only because you can see no other way out as yet; but I believe a very different idea is existing in the minds of the American investors.

The CHAIRMAN. I will say, as the chairman of this committee, that it has been my desire for years to do something for our merchant marine, and I have no other ambition now. I agree with you in this respect, that it would be well for all of us to drop overboard some of our preconceived notions about things and approach this proposition without them in mind. This bill, of course, is only in a tentative form now, and I hope when the committee comes to consider it they will have in mind all of the valuable suggestions that have been made in reference to the proposed legislation, and, whether it is this exact bill or some other, that we can agree at least in the committee to give it our united support; because I think we are all prompted by the same wish, and that is to do something constructively for our American merchant marine.

Mr. PEXTON. May I take the liberty, before taking my seat, of reading this little vote of the Cleveland Chamber of Commerce, of its members, on these six questions submitted by the Chamber of Commerce of the United States.

On the question, Do you favor the Government undertaking the purchase, construction, or charter of vessels for mercantile purposes,

together with the operation of such vessels? there were 7 votes in favor and 466 opposed.

On the question, Do you favor ownership of merchant vessels by the Government, but with operation by private parties under leases? the vote was 49 in favor and 470 opposed.

On the question, Do you favor subsidies from the Government sufficient to offset the difference in cost between operation of vessels under the American flag and operation of same in deep-sea trades under foreign flags? there were 439 votes in favor and 89 opposed.

On the next question, Do you favor subventions from the Government to establish regular mail-and-freight lines under the American flag to countries in which the commercial interests of the United States are important and to American dependencies? the vote was 495 for and 34 against.

That was the vote taken on the first ballot.

On the second ballot, on the recommendation of the committee of the creation of a Federal shipping board to investigate and report to Congress regarding the navigation laws and to have full jurisdiction under the law in all matters pertaining to over-sea transportation the vote was 480 for and 30 against.

The balance of the questions and the balance of the answers I have here on this little slip, but I just thought I would give you the results on those few.

The CHAIRMAN. Suppose you state the result on the question of regulation, as long as you are on that subject.

Mr. PENTON. On the recommendation that the Government subscribe to the entire stock of the Marine Development Co., etc., the vote was 255 for and 228 against.

The CHAIRMAN. On the first proposition, on the question of a Federal shipping board, can you give the vote on that?

Mr. PENTON. Yes. In favor, 488; opposed, 30.

The CHAIRMAN. Then take the next proposition, the third one.

Mr. PENTON. On the recommendation of the committee that the ocean mail law of 1891 be amended by lowering the speed for first-class steamers, etc. In favor, 434; opposed, 38.

That there should be legislation abolishing preferred rebates and providing for supervision of rates by the Federal shipping board, with requirements for filing with the board schedules of rates and all agreements among over-sea lines, there were 450 in favor and 37 opposed.

That Federal licenses should be taken out by lines, etc., the vote was—in favor, 476; opposed, 20.

The CHAIRMAN. Now, that makes the record complete.

Mr. LOUD. May I suggest that we might get some illuminating and instructive testimony from the gentleman on the rapidity with which boats are built upon the Great Lakes in the yards there, where the boats are standardized more than they are upon the ocean?

The CHAIRMAN. Yes; it is a well-known fact that ships can be built on the Great Lakes cheaper than anywhere in the world; is not that a fact?

Mr. LOUD. And there they are building boats of 10,000 tons—he might give you some information on that point.

Mr. PENTON. I have often heard it said that they could build a 10,000-ton ship, from the date of laying the keel to the date when she starts out under her own steam, in 10 weeks.

Mr. RODENBERG. What?

Mr. PENTON. In 10 weeks. It sounds incomprehensible. I remember telling the story down at Cramp's yard, and there was a Government inspector there, and the Cramp's people asked me how they accounted for it, and I said, "They do not have Government inspection up there." The fact is, I think it has been done frequently in 10 weeks.

Mr. LOUD. These 10,000-ton boats are all of the same type and are standardized so that they are built one just like another.

Mr. PENTON. They are building boats (all of the big steel companies) of the same type. They put three or four through at one time, and they do not have to stop to make new patterns, but they send them down to the shop, and as soon as they get the material it is only a question of assembling.

Mr. SAUNDERS. Where are the yards that build that expeditiously?

Mr. PENTON. The American Shipbuilding Co., the Great Lakes Engineering Works, and the Toledo Shipbuilding Co. They do it very fast.

The CHAIRMAN. What size vessels can now be brought out of the Lakes?

Mr. PENTON. Two hundred and thirty-four feet, through the Welland Canal.

Mr. LOUD. Those that he speaks of are the 600-foot freighters, which are built so quickly.

Mr. PENTON. They are building 14 boats now under contract for Norway, Italy, and Sweden, on the Great Lakes, for the foreign commerce, and they are going ahead with the contract that they have. A gentleman connected with the American Shipbuilding Co. told me that they had a proposition to build six for Norway right now. There is a little idea that German money is paying for them; I do not know whether that is true or not.

Mr. HARDY. Is it not your opinion that the American shipyards, when they get right down to it, can outbuild the foreign shipyards, taking the lake building as an example?

Mr. PENTON. The president of the Newport News Shipbuilding Co. said that they build a slightly different boat, but if they could get the ships to build in this country as they build them in foreign countries, although the cost of labor here is still more, if they were built in the same quantity, we can come pretty near to building them as cheaply as they do over there.

Mr. HARDY. They do not cost any more now.

Mr. PENTON. No; but the conditions are abnormal now.

Mr. HARDY. They did come close, and it is much closer now.

Mr. PENTON. But the conditions are abnormal now. He was talking of conditions about four years ago.

Mr. HARDY. If the Government adopts this bill and should offer to public competition the building of all of the ships they authorized under it, is it not more than reasonable to suppose that the United States shipbuilding yards would secure the contract in open competition to-day?

Mr. PENTON. You can get twice the price of a ship under the abnormal conditions to-day if you can make delivery at any time in 1918, because the demand is so acute and they sometimes make one-half their cost in one round trip.

Mr. HARDY. You have not answered my question, which possibly you did not catch: Would not the American shipyards, in open competition with the world to-day, build every one of these ships if the Government were to offer them to public bid?

Mr. PENTON. Build them as cheap as the foreign countries to-day!

Mr. HARDY. Yes.

Mr. PENTON. Yes; you can get the ships built here to-day as cheap as you can anywhere in the world, for the government or anybody else.

Mr. HARDY. And if we should let a contract at any time in two years, that would be almost sure to be the case, would it not?

Mr. PENTON. Yes; I imagine the war will last for two years; but when it comes to a period after the war is over, it will be another situation.

Mr. HARDY. After the war is over, if the shipbuilding industry does anything to try to get in the field, won't they standardize the types of vessels and build, as you say, in 10 weeks?

Mr. PENTON. On salt water they can not build in 10 weeks. I have been talking about building ships on fresh water.

Mr. HARDY. A 10,000-ton vessel can be built and transported to the sea in sections, can it not?

Mr. PENTON. Oh, no; that would cost immeasurably.

Mr. HARDY. How is that?

Mr. PENTON. That would add terribly to the cost. But then the salt-water people build pretty fast themselves to-day; there is a pretty good business down there.

Mr. EDMONDS. I think I can answer your question, Mr. Hardy. In the hearing before the Committee on Naval Affairs in regard to this bill for enlarging the number of steamers on the Panama steamship line, held about two years ago in September, it was testified, I think, by the president of the Sparrow Point Shipbuilding Co. that they can build just as cheap; and if we ordered 10 ships from them they would build the first ship in six months and they would follow at the rate of one every two months afterwards.

Mr. HARDY. I was only drawing attention to one fact: The universal claim as to the reason why we have not been able to build ships in competition with the world, is because of the fact that we have not standardized; and if we start into the business under this bill, having \$50,000,000 of capital to invest at once, is it not possible that our builders would standardize and equal the world in the building of ships as they do now in the production of steel and iron?

Mr. PENTON. I think so; yes, sir. But I would like to make this explanation, and I hope you will appreciate the fact that I am trying to say something which won't seem out of touch with anybody's feeling here. Before the war was declared we were making tin plate almost as cheap—not quite, but almost as cheap—and we were making it practically as a result of the encouragement given to the building up of American plants. And in the same way the encouragement of the building up of these shipbuilding plants now, I believe, would result in an affirmative answer to Judge Hardy's question.

Mr. HARDY. Right along that line, you seem to be very much devoted to subsidy.

Mr. PENTON. I am very much in earnest.

Mr. HARDY. I would like to ask how it would look for us to speak out to the American people and say that ships to-day which are receiving from 500 to 800 per cent higher rates on their freight than they ever did before, and that frequently pay for themselves in two or three trips—how would it look to the common American citizen to offer to pay that ship, in addition, a subsidy from the Government?

Mr. PENTON. Under the present circumstances there is no necessity to do it.

Mr. HARDY. You want a law to give a subsidy?

Mr. PENTON. No; not in the present circumstances.

Mr. HARDY. Would you not just be ashamed to take the money?

Mr. PENTON. I am getting a subsidy now and I am not ashamed.

Mr. HARDY. I believe I will withdraw the question; I never saw a man who was ashamed to take the money.

Mr. PENTON. May I say the freight on pig iron to Italy is costing from \$18 to \$20 now instead of \$1 to \$2, and on steel billets also.

Mr. HARDY. And yet you want to give that vessel a subsidy?

Mr. PENTON. No; I am not speaking of that vessel at all.

Mr. HARDY. For what vessel are you speaking?

Mr. PENTON. I am not speaking of to-day under the war conditions.

Mr. HARDY. Do you not know that after this war is over, with the scarcity of tonnage, that every vessel on the sea is going to be the biggest money-making thing you can find?

Mr. PENTON. Perhaps that is true.

Mr. HARDY. When do you want your subsidy to begin?

Mr. PENTON. I am not here speaking for subsidy.

Mr. CURRY. Great Britain does not subsidize her merchant marine, and there is no intention now, either in the past or in the future, to pay the American merchant marine a subsidy here.

Mr. PENTON. The cost of operation under the foreign flag is so cheap as compared with the cost of operation under the American flag that that is a great big subsidy in itself.

Mr. CURRY. That is not one of the difficulties now. Right now there is no necessity of subsidizing anything—

Mr. PENTON. No, indeed.

Mr. CURRY (continuing). And it would be foolish to pass a subsidy bill under the conditions at the present time.

Mr. PENTON. My thought about a Government-ownership bill is that one of its many effects will be the discouraging of American capital from going into the building of American ships.

Mr. CURRY. I think you have made that clear.

Mr. PENTON. I wish to offer that suggestion with all due deference to everybody.

Mr. HARDY. I thought the idea as that the cost of operation has driven us from the sea and not the difference in the cost of the vessels. You are aware that the Pacific Mail used Chinese and Japanese crews?

Mr. PENTON. I believe so; yes, sir.

Mr. HARDY. And Chinese and Japanese labor?

Mr. PENTON. Yes, sir.

Mr. HARDY. And you are aware that every vessel under our flag has a right to get the seamen where it pleases.

Mr. PENTON. I think myself that those regulations recently enacted under the seamen's act are more burdensome.

Mr. HARDY. What are those regulations?

Mr. PENTON. I do not want to go into the details about it.

Mr. HARDY. I want to tell you that Mr. Schwerin testified that of the Chinese seamen more than 40 to 60 per cent were competent to qualify under the seamen's act.

Mr. PENTON. Was that recently?

Mr. HARDY. When we were holding the hearings on the seamen's bill. He testified that those Chinamen had been with him for years and knew the language of the officers and made the best seamen on the ocean, and he did not think it would interfere with him.

Mr. PENTON. A man makes a very poor witness, if he undertakes to answer a question on which he is not thoroughly informed.

Mr. HARDY. And then the seamen's act was only passed last year, so that that had nothing to do with it.

Mr. PENTON. So many people have written so much upon that subject, Mr. Schwerin among the number, in which they said it had so much to do with it, that I would not like to hazard a statement.

Mr. HARDY. I want to get down to that statement of the excessive cost of the American operation. You know that the American owner could employ any seaman he wanted prior to the seamen's act?

Mr. PENTON. In a publication called Nation's Business, issued by the Chamber of Commerce of the United States, a copy of which is in my pocket here, which I secured since I came, so as to refresh my memory, it gives the cost of the operation under the different flags of the different countries; and the cost under the American flag is about twice what it is anywhere else.

Mr. HARDY. I understand all those publications. But why is it that the American pays more for seamen when he engages the men just the same as anybody else. Is not that true?

Mr. PENTON. Judge, I want to say that I heard at one time the testimony given before a joint commission of the House and Senate in New York. I sat there for two or three days and heard people come before that commission and give testimony as follows: That they would have a foreign boat on one side of the pier at certain times, and an American boat belonging to the same firm on the other side, and the sailor would leave the American boat and cross the pier to the foreign boat and be willing to accept half the wages he got from the American ship; whereas if he would cross over from the foreign boat to the American boat, he would insist on getting double the wages there.

Mr. HARDY. I have heard that statement, but do you believe it?

Mr. PENTON. Yes; I do.

Mr. HARDY. I can not believe that the ordinary American, looking for a job, is going to refuse a job on an American ship here, under the American flag, or to leave a job at \$20 a month and go over to a Japanese ship at \$10 a month—at \$10 a month difference in the wages.

Mr. PENTON. Shortly after the war started this Government passed a bill making it possible for ships to be placed under the

American flag, and to be operated under the American flag—foreign ships—and it exempted a certain class of officers in that legislation so that they could operate these ships without taking the oath of allegiance to this country, and could operate those boats with certain foreign seamen and officers; and the moment those boats came under the American flag those men demanded very greatly increased wages.

The CHAIRMAN. The fact is this, I think, Mr. Penton, that the ship-registry act to which you refer, authorized the President to suspend our navigation laws so far as requiring the watch officers on foreign-built ships brought under American registry to be American citizens.

Mr. PENTON. Yes.

The CHAIRMAN. And the United Fruit Co. and the Standard Oil and the United States Steel Cos.' ships came in, and, as I understand, as soon as they did come in, their officers demanded the regular American standard of wages, and got it.

Mr. PENTON. That is true. I was down at the foreign trade council meeting in New Orleans a few weeks ago, and Mr. Farrell was presiding, and one of the speakers spoke on the subject, and a great many citizens spoke on the subject. One speaker said, "Yes, and when the war is over you will find that all these ships will be put back under the foreign flag again, and be operating them at much less than under our American flag."

Mr. HARDY. I also heard a gentleman who claimed to be posted like yourself on this subject, make the statement that a vessel operated under the English flag cost \$994 a month, and the same vessel operated by Italians cost \$500. Now, will you tell me why the Italian vessel has not driven the English vessel from the commerce of the seas?

Mr. PENTON. I could not tell you. It is so easy to ask questions sometimes.

Mr. HARDY. You know those facts are substantially true. If any of the statements we have are correct, you know that the English wages are the highest wages except ours of any of the great nations.

Mr. PENTON. I do believe the wages paid for operating an English ship under the American flag are greatly in excess of what they are under the British flag.

Mr. HARDY. Do you not believe also that if the shipowner has to pay a vastly increased amount of insurance, repairs, and depreciation; that is, especially if it amounts to the whole wage cost in a year; that is even a greater cost of upkeep, that he can afford to compete?

Mr. PENTON. I have heard them say this very often: That they would be very glad to do this, to pay for the ship and pay more for it under the American flag—for the American-built ship—but that while it would cost more over a period of years to absorb the extra cost, yet the everlasting overhead outlay of the extra cost of the wages of the men made it impossible. And I want to say further that I have read somewhere, not recently, but in the testimony given before congressional committees, that while this country can do things cheaper because, for instance, it can build locomotives by the hundreds which are purchased by the score for foreign countries, yet the answer is that when they are taken to the foreign countries they

are operated by foreigners who are paid the foreign wage scale and if that same locomotive went to a foreign country and carried with it American workmen, demanding the American wage rate in that country, they would never go.

Mr. HARDY. I will not pursue the question, it takes too long.

Mr. CURRY. You spoke early in this discussion about Col. Goethals' statement that it would cost \$500 more for tolls for a certain American ship going through the Panama Canal than its sister British ship.

Mr. PENTON. Yes.

Mr. CURRY. Col. Goethals, I think, ought to know that the law governing the measurement of American ships and of British ships are identical, and that the reason for the difference of cost is that under the rules of the British Board of Trade everything that is possible to be measured out of the net tonnage of the ship is measured out.

Mr. PENTON. I understand that.

Mr. CURRY. And under the rules of the Department of Commerce of the United States, everything possible to be measured in, is measured in.

Mr. PENTON. Yes, sir.

Mr. CURRY. So that the law is not responsible for that condition, but simply the policy of the department.

Mr. PENTON. But in the meantime the shipowner pays the money.

Mr. CURRY. In the meantime the shipowner should see that the department changes that rule. We had Mr. Chamberlain before us a few days ago, and I asked him why it was they could not change that rule, and he said he was changing it.

Mr. PENTON. It shows, then, that Mr. Chamberlain is making the law.

Mr. CURRY. No; it is a rule under the law. He was authorized and empowered to make that rule under the law. The British Board of Trade is authorized and empowered to make the same rule, or figure it the same way. Mr. Chamberlain could figure it just the same now, and if he wants an American merchant marine—being at the head of this vessel department of our Government, so far as measurement is concerned, to meet the British ships on an equality—he ought to do that without any pressure or influence or force and measure our ships according to the British Board of Trade rules, which he has the authority to do.

Mr. PENTON. May I thank you, Mr. Chairman, again, very much, indeed, for this opportunity.

The CHAIRMAN. As I understood Mr. Penton, he said he saw a newspaper report the accuracy of which he would not vouch for, referring to that discrepancy.

Mr. PENTON. Yes.

The CHAIRMAN. So that it may or may not be accurate.

Mr. PENTON. It may or may not be accurate, but I saw the statement.

The CHAIRMAN. We are much obliged to you.

(Whereupon, at 12 o'clock noon, the hearing was adjourned until Tuesday, February 29, 1916, at 10.30 o'clock a. m.)

CREATING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 29, 1916.

The committee met at 10.30 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. We have two or three present this morning who desire to be heard. Mr. Ivy desires to be heard very briefly, and also a gentleman from Seattle. Then we will hear from Mr. Baker.

Mr. EDMONDS. Mr. Chairman, before we start, might I ask to have this memorial from the Philadelphia Board of Trade put into the record?

The CHAIRMAN. Yes, without objection.

(The memorial referred to above is as follows:)

PHILADELPHIA BOARD OF TRADE,
Philadelphia, February 21, 1916.

To the honorable the Senate and House of Representatives in Congress assembled:

This memorial respectfully represents—

That the Philadelphia Board of Trade, through its committee on foreign and coastwise commerce, has carefully examined the provisions of H. R. bill 10500 and feels obliged to oppose its passage, not upon the question of its form but on the question of intent, it being based upon the fallacy that the operation of economic tendencies can be shaped by Government fiat;

That the board believes that the verdict of the country, as shown by the referendum upon the subject issued by the Chamber of Commerce of the United States, was almost unanimous against the Government ownership, or what was still worse, the Government operation of a merchant marine, in which opinion this board is in perfect harmony;

That the provision giving to the shipping board control over rates on American ships can not be looked upon with favor, as such interference would inevitably bring disastrous results;

That the provision regarding the licensing of foreign vessels and an attempt to force regulation upon same would doubtless provoke dangerous controversies with maritime nations who would resent the impairment of any rights contrary to treaty or custom;

That the board recognizes in the section of the bill under consideration which provides for the payment by the United States of a monthly sum to the officers and crews of American vessels, listed in the United States Naval Auxiliary Reserve, a move in the right direction, which meets with its approval;

That the board, as in the past, is convinced that the reestablishment of the American merchant marine can only be accomplished by carefully guarded subsidies being granted by the Government to offset the differences in cost of operation between American and foreign vessels: Therefore,

Your memorialist, the Philadelphia Board of Trade, earnestly petitions your honorable bodies not to favorably consider H. R. bill 10500, being "A bill to establish a United States shipping board for the purpose of encouraging, developing, and creating a naval auxiliary and Naval Reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions, and with foreign countries, and for other purposes."

And your memorialist will ever pray.

WM. M. COATES, *President.*

[SEAL.]

Attest:

W. R. TUCKER, *Secretary.*

**STATEMENT OF MR. THOMAS P. IVY, OF NEW HAMPSHIRE,
FOREST ENGINEER.**

The CHAIRMAN. Give the committee your business and your place of residence.

Mr. IVY. Forest engineer; New Hampshire.

The CHAIRMAN. You are just temporarily in Washington?

Mr. IVY. Just temporarily in Washington.

The CHAIRMAN. You wrote me a letter expressing a wish to be heard on this measure, and we will be very glad to hear from you.

Mr. IVY. Mr. Chairman and gentlemen, I hope in this statement that I wish to make, if I shall seem to be attacking anybody, you will get that misapprehension out of your mind, because there is nothing further from my purpose. I trust I have the decency to recognize that any two men may look at the same state of facts and come to conclusions that are very different. Besides, I look upon your committee here as a board of directors in the interests of the American people, seeking to find out the best means by which we can establish an American merchant marine for the expansion of our commerce and for our protection in time of danger.

This whole question of the shipping business came across my path in this way. Before the Panama Canal was completed I had been thinking and making some plans, because if it is not the business of a forest engineer to know anything about shipping, it certainly is a part of his business to know something about timber lands and the lumber business in the United States—and I had been thinking about forming a company for the purpose of bringing lumber from the Pacific coast through the canal and distributing it from Atlantic ports into the Middle West especially. Therefore this question of shipping had immediately to be investigated. There was not any question in my mind that we could compete with lumber on the Atlantic slope, because as any lumber man here knows, speaking generally, the lumber on the Atlantic slope is of low grade as compared with the lumber on the Pacific slope. But in the investigation of this matter, I found it a very serious question, a very serious problem, whether we were going to be able to compete with European demands for the lumber of the Pacific slope, and so I thought I had better go to Europe and look around over there and see what information I could get on the subject over there, and I did. And that was just in the year before the commencement of the war.

I found there a great deal of interest in the prospective opening of the canal. In fact, in Liverpool, they told me that in anticipation of the opening of the Panama Canal they were building new cotton mills in Manchester; in Germany I found they were enlarging their plants with an idea of putting on a special line of steamers; in Italy I found the Italian Government had a scheme of immigration by which they proposed to have a colony in California, as the climate is somewhat adapted to the Italians. So that question became a very serious one as to whether we could compete with the demand for lumber from Europe, especially when European vessels would have a cargo going and coming. I had a lot of facts and statistics relating to this subject which, unfortunately, got burned up when my dwelling was burned, so I am just speaking now from memory and giving

the conclusions that I came to rather than trying to give you any of those facts, which I do not want to give unless I can give them accurately.

As the law then stood, we met with the difficulty that we should have to use American ships, under American registry. All of that question has been gone through here with you—the difference in cost and the difference in operation between American and foreign-built ships. It was an extremely doubtful proposition in my mind after I had investigated the conditions in Europe whether we could do that thing successfully or not. But now immediately the war broke out, and that for the moment set aside the whole thing. But the general conclusion that I came to in my investigation of that whole subject was that the difficulties to be met were so great and so many that they could not be overcome at this day and time unless the strong arm of the United States Government would get behind that proposition in some way. And I am free to say that the principles in this bill appeal more to me as a means of meeting those difficulties than direct subsidies.

Of course, you all know the history of subsidies under our form of Government; I think it is extremely difficult to make an equitable distribution of a subsidy. I do not see how it can be done. In the next place, a subsidy is inflexible; you have to contract for a number of years with the steamship company. Suppose now that you had had a contract heretofore with a company running to South America, and there comes up this war and we want most of our business with Europe. How are you going to get around that? And, as a third objection to it, it is unstable; that is, with a government by parties, one party gives a subsidy and the next party comes in and takes it away. That has been the history of this country, which everybody knows, and it is liable to be the history again. Another objection to a subsidy is that it is inefficient; it won't accomplish the thing to be done.

Now I believe in the principles of this bill because its aim is to help business—the shipper instead of the shipowner. Now, what do we mean by business? I believe business, primarily and fundamentally considered, is the production of the commodities necessary for the maintenance of the human race. On the other hand, transportation is a mere facility of business. For instance, take the great city of New York; take Broadway: Would anyone urge that Broadway ought to be let out to a private corporation to run instead of being run by the city of New York? They would not argue it for a moment. Broadway is a facility of business, and for that reason provided free to business by the city. And up in our State, a few years ago, we voted to tax ourselves a million dollars to build two trunk lines of dirt road, one running up on the west side around through the White Mountains, and one down on the east side. Why did we do that? We did it because we considered transportation a facility of business and we believed it would be a good investment, and it has proved a good investment.

Now what does a ship do? A ship simply provides dry transportation from one port to another. Suppose we had enough ships jammed together to make a bridge over the ocean, or suppose it were possible to build a pontoon bridge over the ocean, and suppose England had a bridge from Southampton to New York and Germany had one

from Bremen to South America, and suppose, further, that our business men of this country—the man who grows wheat, the man who grows cotton, the man who manufactures pig iron, and the man who makes cloth—suppose they all came to you and told you conditions were such they could not get their goods over those roads, those pontoon bridges, in competition with England and Germany, and the question was up as to the way to do, and we decided to build bridges of our own, would you say a private corporation should build that system of pontoon bridges and control it rather than that the Government should build and control it? We did not do so when we built the Panama Canal. You would say the Government ought to do it simply because on the ocean we meet the competition of foreign countries and we do not on land.

Mr. Chairman, you said I should be brief, and those are, briefly, my remarks. If anybody wishes to ask me a question, of course, I am perfectly willing to answer; but I want it distinctly understood that I have none of the ambitions of a certain Irishman who was found standing undressed, with his eyes tightly closed, before a mirror, and he was asked what he was doing, and he said he was standing there because he wanted to see how he would look after he was dead. [Laughter.]

Mr. EDMONDS. Mr. Chairman, I want to ask the gentleman to explain a little further why he said subsidies were inflexible; what his reason is for saying that subsidies are inflexible. I think we might as well have that explained a little more fully.

Mr. IVY. Yes. Because you can not apply it directly to the business to which you wish to apply it.

Mr. EDMONDS. That is just what they do with a subsidy; if you wanted to start a steamship line to Brazil, you would give a subsidy to that line to Brazil, and therefore you would be giving it to the line you wanted to reach.

Mr. IVY. Yes; but suppose you had a port over here with which you were not doing much business, yet the possibilities are such that you wanted to develop business between that port and the United States; do you think a private owner is going there if it is going to cost a great deal?

Mr. EDMONDS. If you pay him a subsidy for him to run to that port, he will.

Mr. IVY. Yes; he is going there if you pay him enough, but it is so inelastic.

Mr. EDMONDS. You can make it as elastic as you please; it just depends on the contract that you draw with the company.

Mr. IVY. I do not believe a company is going to make a contract with you to pay them a certain amount to go into a certain port and then change and go to another port which will cost a great deal more.

Mr. EDMONDS. You mean, then, this bill, which is an indirect way of paying a subsidy, it is a better way than paying a direct subsidy?

Mr. IVY. Yes; I do; I think it is. But I am not afraid of the word "subsidy," if it would do the work; I do not object to the word, but the policy is bad.

Mr. EDMONDS. How about the suggestion made by the New York parties that we would equalize the difference in cost of running steamers between other countries and this?

Mr. IVY. What is that but a subsidy?

Mr. EDMONDS. Well, what is this bill but a subsidy?

Mr. IVY. This bill provides a relief to the shipper; a subsidy is a bonus to the shipowner.

Mr. EDMONDS. Very well, but you are disguising it in this bill.

Mr. LOUD. This is a sugar-coated pill, that is all.

Mr. EDMONDS. You say what is the use of disguising it; what is the difference between disguising it in one way and in another; it does not make any difference, does it?

Mr. IVY. Yes; there is a difference. I think this is the most effective way.

Mr. SAUNDERS. You just regard this as a more effective subsidy than the other?

Mr. IVY. Yes; if you want to state it that way. That is a more effective aid to the shipper.

Mr. EDMONDS. Now, you stated that a subsidy was not elastic. A subsidy can be made just as elastic as you please, in the contract.

Mr. IVY. That is true.

Mr. EDMONDS. As a matter of fact, you can make an agreement with the man to whom you pay the subsidy, running a line of steamers, that his books should be open to the Government and that the amount could be reduced from time to time if he was making a profit with his company. Is not that true?

Mr. IVY. You might possibly find somebody who would do that.

Mr. EDMONDS. I do not think there would be any difficulty to find somebody to do it, I mean a man who would do that kind of thing if his company was subsidized, say, for \$25,000 provided he would run a line and after he began to make money on that line would be perfectly willing to withdraw or reduce the subsidy—of course, in order to get the subsidy in the first place.

Mr. IVY. Yes; but then the Government would have to manage all of those things, and who is going to manage all of those changes; what machinery of the Government have you to do it?

Mr. EDMONDS. We can have a shipping board on that end of the line. Everybody agrees as to that; I do not think there is any question about that. The shipping board is given instructions, but how are you going to have elasticity in the operations conducted by the shipping board; that is the question. You believe in Government ownership of the transportation?

Mr. IVY. On the water.

Mr. EDMONDS. Not by rail?

Mr. IVY. No, sir; but on the water where we have to compete with foreign Governments.

Mr. SAUNDERS. You suggested there would be no steamship line going to ports where it would not be profitable to go; would not that be determined by the amount of subsidy, that the steamship line would go anywhere where it paid them to go?

Mr. IVY. Yes; I had in mind myself that you can direct, you can turn to this board, the Government can turn to this board; and suppose you have an order for Valparaiso and you want to send 10,000 tons of steel rails and there is no ship; you can look after that, you have your own line without a royalty.

Mr. SAUNDERS. I say all those arguments for a subsidy are very acute, and I know all the arguments made against and every argu-

ment advanced in its defense. But I want to take those South American ports, which are generally taken as the subject of illustration, where it would not be possible for private capital to run lines under the present conditions, but by the use of a subsidy you can make it possible to go to those ports. Why does that not meet the very situation you presented?

Mr. IVY. Suppose it did. I simply say this is a more direct method of meeting that question, and a better one.

Mr. SAUNDERS. But that other does not fail to meet it. It is not that it lacks the flexibility you speak of, if you pay for what you get; subsidy does not lack of flexibility.

Mr. IVY. I certainly can not agree with you.

Mr. SAUNDERS. Would it not provide the service in the ports at which you desired to touch?

Mr. IVY. Yes; but you fix it to those ports for a definite number of years.

Mr. SAUNDERS. Would it establish any lines? You do not contemplate the Government is going there and going to leave out ports on those lines? For instance, if a line running to ports in South America, because some particular man has a lot of freight that he wants to send to some port, we will say, in Peru. It would not take a vessel off of that line and to load it up with that particular cargo and send it to Peru. Is that a part of what you have in mind?

Mr. IVY. I certainly do think it would be a part of what I have in mind, if there were a possibility of building up a permanent business to Peru.

Mr. SAUNDERS. You have in mind some permanent service there; you are not sailing with a tramp ship, and you would not turn to Peru and take a ship off of a local line to a port already served. You do not contemplate that would be good business?

Mr. IVY. I am certainly not going to desert one business for the sake of building up another; but if we feel there is a business looking for us we should get more ships.

Mr. SAUNDERS. Very well; but could not that all be arranged for a company, with a subsidy, to put a few prospective ships on this line?

Mr. IVY. I say it could not be as expeditiously and effectively done as it would where you have one central board here looking after the whole matter and controlling the ships themselves, and not somebody else controlling the ships.

Mr. EDMONDS. Let me ask you a question right at that point. The Government owns a freight ship and it gets a cargo for Brazil, we will say, and in running on that voyage it has competition for the freights and makes a loss of \$5,000. We will assume a cargo of grain or wheat or something else, whatever it may happen to be, and it makes a loss of \$5,000. The taxpayers of this country pay that \$5,000, do they not?

Mr. IVY. Yes.

Mr. EDMONDS. For the benefit of whom?

Mr. IVY. For the benefit of the business men in this country.

Mr. EDMONDS. For the benefit of the business men of the country?

Mr. IVY. Yes, sir.

Mr. EDMONDS. In other words, for the benefit of the individual man who makes that shipment?

Mr. IVY. And the rest of the people who have allied industries connected with those people. It spreads out; it goes out. They are the more direct beneficiaries, but the entire business of the United States spreads out and benefits a great many people who are not connected with it directly.

Mr. SAUNDERS. That is what the high-tariff people used to argue.

Mr. IVY. We won't get off on the tariff.

Mr. SAUNDERS. But you are presenting a protective-tariff proposition.

The CHAIRMAN. Yes; nobody ever contended a tariff was a direct benefit to the farmers, but the argument was that it established industries and created a cargo and a larger demand for the farm products. So I would not think any protectionist would object to any argument along that line.

Mr. EDMONDS. I wanted to bring that out, because I notice that the Democratic Party while reducing the tariff are now trying to put a tariff on ships for the protection of the business man. I do not know whether it works out just in that way or not, but it is something along that line.

Mr. IVY. No; there is no protection on ships, but we are undertaking to benefit a facility of commerce.

Mr. BYRNES. You are trying to subsidize the commerce of the country instead of the steamships of the country?

Mr. IVY. There is a very great difference, and that is where the point of attack comes. There is no trouble to get patriotic American citizens who would absorb every dollar the Government would appropriate in the way of profits to them for operating ships. Let us not get off on the tariff question. I think we are all sincere in our efforts to do something to create better facilities for the extension of our commerce.

Mr. RODENBERG. That will be troublesome enough this fall.

Mr. HARDY. I would like to ask a few questions along the line of subsidy. The gentleman testifying says this would be a subsidy, which is a very different idea from my idea of what a subsidy is. My idea of the definition of a subsidy is that it is a bonus given to a private individual to enable him to conduct a certain business with profit to himself. I do not understand that a public road built by the Government for the benefit of a community is a subsidy to the wagon driver who uses that road. Do you so understand it?

Mr. IVY. Referring to that definition of subsidy, the purpose of the subsidy is to benefit the shipowner. This bill is designed to benefit the shipper.

Mr. HARDY. That is the purpose of the protectionist, but in practice it is found when you give a subsidy to a private individual that it does not prevent him from fixing burdensome rates whenever he sees proper.

Mr. IVY. I agree with you entirely on that point.

Mr. HARDY. Do you not think there is a growing fundamental business of the people to provide for public conveniences for the use of the public and not to give a certain individual or corporation a special bonus?

Mr. IVY. Certainly.

Mr. HARDY. In purpose and in effect?

Mr. IVY. Yes.

Mr. HARDY. Now, then, if this is a subsidy, will you briefly try to give some reason why every advocate of a real subsidy is opposed to it?

Mr. IVY. Why the advocate of a real subsidy is opposed to it?

Mr. HARDY. Every man I ever saw who advocates real subsidy bitterly opposes this bill, and yet they claim this is a subsidy.

Mr. IVY. You have heard their arguments, have you not?

Mr. HARDY. I think their arguments have been right across each other. One says this is a subsidy and we are in favor of a subsidy and the other says this is a subsidy but we are opposed to it.

Mr. EDMONDS. I think I can answer it.

Mr. HARDY. Wait one minute. All of us will get a chance to answer it when it comes to the argument.

The CHAIRMAN. Let us get the view of this witness, and then we can get our fingers into it later.

Mr. HARDY. Then I want to know another thing; if the Government, instead of owning the Panama Steamship Line had let that to a private individual, with the understanding "we will subsidize you," do you think it would have been true, as it is true, that that is the only line in America that has not raised its freight rates from 400 to 1,000 per cent during this war?

Mr. IVY. No, I do not.

Mr. HARDY. That testimony was given here by a witness who has no interest in this bill, that that is the only line he found where the rates were still the same.

Mr. IVY. Yes.

Mr. HARDY. Another thing. The American-Hawaiian Line, as I understand, from such representatives who have spoken for it here seem to be apparently very antagonistic to this line. If we had a line like the Panama Steamship Line to Hawaii is it not only possible, but absolutely true, that freight rates there would have remained somewhat reasonable from America—if there had been a Government line such as is contemplated by this bill?

Mr. IVY. I think that would have been the effect of it, sir.

Mr. HARDY. Is it not true that a line established under this bill here and under the control of the Government board will be a stabilizer of rates?

Mr. IVY. That is my contention about it.

Mr. HARDY. And is not that one of the great functions so essentially needed by our people here to keep down the amount of the rates that are robbing the people unnecessarily?

Mr. IVY. Absolutely. And the business man wants to know as a certainty what he can depend on.

Mr. HARDY. Has any opponent of subsidy ever opposed, so far as you know, the Government going on to provide the necessary public conveniences for the general public use, such as deepening our harbors and digging the canal—have any advocates of subsidy ever opposed those things?

Mr. IVY. You will have to address that remark to them, sir.

Mr. HARDY. It was a contention sharply maintained when we tried to establish the Interstate Commerce Commission that when the Government dictated the rates that was not far from taking over the property. In principle it was contended that to fix the rates of a transportation company was to confiscate and to take charge of

their property. Now, that is all agreed to, that the Government should do it. And if the Government has to support the losses of a private institution, is it not in all reason better for the Government to take the private institution and get the profits, if there are any? Is it not a one-sided thing to ask the Government to stand all of the losses, but not to get any profits?

Mr. IVY. Yes; it is.

Mr. HARDY. Is not the subsidist's idea that the Government must stand for all the loss?

Mr. IVY. Yes.

Mr. HARDY. And have no opportunity to get a profit?

Mr. IVY. Yes.

Mr. HARDY. That is another distinction between this and a subsidy. Then I want to ask another question: With the rates soaring now from 400 to 1,000 per cent over normal, what man would have the cheek to ask this Government to supplement those high rates with a subsidy to an individual? Do you think anybody would come before this committee and Congress and ask for a subsidy now, when a ship pays for itself in two voyages, frequently?

Mr. IVY. I should not think he could do it with a straight face.

Mr. HARDY. With those things patent to us, a man advocating a subsidy is flying in the face of the evidence under existing business conditions, and which we see are likely to be existing for two or three years after this war.

Mr. IVY. That is my opinion of it, sir.

Mr. HARDY. Will not tonnage, in your opinion, be scarcer during this war and after this war for a long time?

Mr. IVY. I think if this submarine war continues it will.

Mr. HARDY. Won't it continue to be very scarce to us with the other Governments forbidding their ships to take any other registry than their own?

Mr. IVY. Yes, sir.

Mr. SAUNDERS. The question of Judge Hardy suggests to me one or two questions. If this war continues and tonnage gets scarcer and profits continue very high, all the conditions will be created under which private capital without Government ownership or anything else will seek this field, will it not?

Mr. IVY. Well, we have been a long time waiting for it.

Mr. SAUNDERS. I understand; but heretofore they never have had these great opportunities of profit they have now; and having in mind the conditions that he has suggested in some of his questions, and if they are to continue, as you say, the destruction of tonnage by submarines, when the war is over we will have only a limited amount of tonnage in the world and an opportunity for very great profit and an opportunity of diversification for private capital to go into the world trade. Won't that present a condition under which private capital will have an attractive and inviting field, which it will enter without Government help, subsidy, or anything else?

Mr. IVY. It would if private capital in this country were free; but private capital is so tied up—you can ask any man who has gone about it for the purpose of starting a steamship line if capital is not all tied up in certain directions—and if there is a suspicion the line that is going to be built will compete with some other line they will say good-by quickly.

The CHAIRMAN. I think you have hit the nail on the head there.

Mr. SAUNDERS. Let me see if I understand that proposition. You tell this committee, in this condition we have been talking about, of the continuance of those opportunities, existing prices, which I gather from the newspapers, that capital is taking advantage of all over the country to-day, and I see that the private yards are being choked by orders for new vessels—you tell us that we have not got in this country capital that will take advantage of such opportunities as that; and if they will take advantage of it now, why won't they take advantage of it when the war is over?

Mr. IVY. It has been the experience of men who have tried to go out for this purpose, and they have found that to be the case.

Mr. SAUNDERS. Why is it, just at this particular time, they are going into it? Because we have had witnesses before the committee tell about the building of ship after ship, going into these yards, to go into the deep-sea trade?

Mr. IVY. Yes. Of course, the primary reason is because of the abnormal profits in shipping now. You have no guaranty that those profits are going to continue.

Mr. SAUNDERS. Very well; you are eliminating a bright future, which is a matter of conclusion. Then, if you eliminate from the future those enormous profits we are speaking of now, then we must legislate with respect to those conditions at the present time.

Mr. IVY. We want to legislate only for normal conditions.

Mr. SAUNDERS. Very well; we will get back to normal conditions leaving out at this time the great profits. It would be robbery, or worse than robbery, for anybody to expect a subsidy while we are getting back to normal conditions; and under the normal conditions which you have in mind with respect to the future business, will you tell me where there is anything here in this bill of profits for the Government, as suggested by one of the questions of my friend Judge Hardy, under the very idea that we are going to operate a line in quarters where it is not profitable for private capital to operate, and when the Government begins to find it profitable the Government is going to withdraw?

Mr. IVY. State your question again.

Mr. SAUNDERS. I say, has it not been suggested in connection with this whole project—in fact, it was suggested in the message of President Wilson—that we operate those lines to quarters where they are not profitable for private capital to operate them?

Mr. IVY. Yes.

Mr. SAUNDERS. And when the operation became profitable that the Government was to withdraw and turn over the lines to private capital?

Mr. IVY. You say that was the suggestion?

Mr. SAUNDERS. Yes. Has not that been all along the idea in connection with the operation of this measure?

Mr. IVY. I can not say that it has been the complete idea.

Mr. SAUNDERS. Was not that suggested by the President?

Mr. IVY. I think, as I recall it, that it was, that that idea was suggested.

Mr. SAUNDERS. I have been any suggestion that the Government should use for the purpose of reaping profits?

IT IS A FACT THAT THE UNITED STATES GOVERNMENT IS THE ONLY GOVERNMENT IN THE WORLD THAT IS RESPONSIBLE TO THE PEOPLE. IT IS THE ONLY GOVERNMENT THAT IS ELECTED BY THE PEOPLE. IT IS THE ONLY GOVERNMENT THAT IS ACCOUNTABLE TO THE PEOPLE. IT IS THE ONLY GOVERNMENT THAT IS RESPONSIBLE TO THE PEOPLE.

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IT IS A FACT THAT THE UNITED STATES GOVERNMENT IS THE ONLY GOVERNMENT IN THE WORLD THAT IS RESPONSIBLE TO THE PEOPLE. IT IS THE ONLY GOVERNMENT THAT IS ELECTED BY THE PEOPLE. IT IS THE ONLY GOVERNMENT THAT IS ACCOUNTABLE TO THE PEOPLE. IT IS THE ONLY GOVERNMENT THAT IS RESPONSIBLE TO THE PEOPLE.

The CHAIRMAN. I think you have hit the nail on the head there.

Mr. SAUNDERS. Let me see if I understand that proposition. You tell this committee, in this condition we have been talking about, of the continuance of those opportunities, existing prices, which I gather from the newspapers, that capital is taking advantage of all over the country to-day, and I see that the private yards are being choked by orders for new vessels—you tell us that we have not got in this country capital that will take advantage of such opportunities as that; and if they will take advantage of it now, why won't they take advantage of it when the war is over?

Mr. IVY. It has been the experience of men who have tried to go out for this purpose, and they have found that to be the case.

Mr. SAUNDERS. Why is it, just at this particular time, they are going into it? Because we have had witnesses before the committee tell about the building of ship after ship, going into these yards, to go into the deep-sea trade?

Mr. IVY. Yes. Of course, the primary reason is because of the abnormal profits in shipping now. You have no guaranty that those profits are going to continue.

Mr. SAUNDERS. Very well; you are eliminating a bright future, which is a matter of conclusion. Then, if you eliminate from the future those enormous profits we are speaking of now, then we must legislate with respect to those conditions at the present time.

Mr. IVY. We want to legislate only for normal conditions.

Mr. SAUNDERS. Very well; we will get back to normal conditions, leaving out at this time the great profits. It would be robbery, or worse than robbery, for anybody to expect a subsidy while we are getting back to normal conditions; and under the normal conditions which you have in mind with respect to the future business, will you tell me where there is anything here in this bill of profits for the Government, as suggested by one of the questions of my friend, Judge Hardy, under the very idea that we are going to operate a line in quarters where it is not profitable for private capital to operate, and when the Government begins to find it profitable the Government is going to withdraw?

Mr. IVY. State your question again.

Mr. SAUNDERS. I say, has it not been suggested in connection with this whole project—in fact, it was suggested in the message of President Wilson—that we operate those lines to quarters where they are not profitable for private capital to operate them?

Mr. IVY. Yes.

Mr. SAUNDERS. And when the operation became profitable that the Government was to withdraw and turn over the lines to private capital?

Mr. IVY. You say that was the suggestion?

Mr. SAUNDERS. Yes. Has not that been all along the idea in connection with the operation of this measure?

Mr. IVY. I can not say that it has been the complete idea.

Mr. SAUNDERS. Was not that suggested by the President?

Mr. IVY. I think, as I recall it, that it was, that that idea was suggested.

Mr. SAUNDERS. Has there been any suggestion that the Government should go into this enterprise for the purpose of reaping profits

that would come in a direct way from the conduct of the business? On the contrary, has it not always been the idea that the Government should go into this enterprise for the purpose of establishing a business out of which the whole public can derive a profit, and not with the view of the Government deriving a profit from the operation of a special enterprise?

Mr. IVY. I think that is the general idea.

Mr. SAUNDERS. Then the Government will not go into this for the purpose of reaping a profit in connection with the immediate operation of the vessel, but that this advantage, generally, will operate ultimately as a benefit for the whole public.

Mr. IVY. Exactly as we built the roads in New Hampshire.

Mr. SAUNDERS. That is a very different sort of situation from the contemplated operation by the Government in which they are to reap profits from a single line or single ship. I can agree to that proposition.

Mr. IVY. I go further, sir. I should say it would be entirely proper for the Government to operate a line at a loss that was going to benefit any large number of American business men.

Mr. SAUNDERS. Yes; that was the thought I was pressing. But then they are not catering to profits in the operation of that line.

The CHAIRMAN. The Government might operate a line without profit, and if the rates were reasonable and afforded means of extending our commerce, it would be a desirable thing to do, would it not?

Mr. IVY. I think so, sir.

The CHAIRMAN. Private enterprise goes into shipping just like it goes into the manufacturing business, for profit. That is the only incentive, is it not?

Mr. IVY. Yes, sir.

The CHAIRMAN. If these lines in any trade could be operated without loss and at the same time afford American industries, agriculture and mining, facilities for the extension of our commerce and the carrying of our over-seas trade, that would be a good investment for the people, would it not?

Mr. IVY. I think it would, sir.

The CHAIRMAN. But it would leave out the element of profit.

Mr. IVY. Yes, sir.

Mr. SAUNDERS. That is all I have been pressing; but there is not any chance of the Government operating this business to get the profits that somebody else would get.

The CHAIRMAN. I would not want the Government to do that.

Mr. HARDY. That line would not be profitable for the moment, maybe, but it might make the profit in some places and suffer a loss in others, as the post office is operated. As I understand, on the first-class mail they make a profit, and on the other classes they do not.

Mr. IVY. I do not see that it would not be proper for the Government to make a profit.

Mr. HARDY. One line may make a profit and the other a loss; but on the whole the Government does not care to make a profit, just so it serves the public interests.

Mr. IVY. Yes.

Mr. EDMONDS. In your investigation of shipping interests in the country, did you look into the coastwise traffic?

Mr. IVY. To a certain extent I had to look into it, because I knew at that time we could only utilize coastwise vessels.

Mr. EDMONDS. Do you think the present provisions of our laws were made to preserve the coastwise traffic to our American ships?

Mr. IVY. If you will limit your definition, I will say yes—if you limit it to coastwise; but if you apply it to interocean, I will say no.

Mr. EDMONDS. What do you mean by interocean?

Mr. IVY. I say from the Pacific Ocean to the Atlantic when they come through the canal. I say we should be free to use any ships from Pacific ports to Atlantic ports through the canal.

Mr. EDMONDS. The same way with Hawaii?

Mr. IVY. Yes, sir.

Mr. EDMONDS. And the same way with Porto Rico?

Mr. IVY. Yes, sir.

Mr. EDMONDS. You believe that ought to be open, then, to all nations?

Mr. IVY. To use any ships.

Mr. EDMONDS. All nations?

Mr. IVY. Yes.

Mr. EDMONDS. Any nation; any foreign ship?

Mr. IVY. I do; because that is not the definition of coastwise. Coastwise is along one coast—along the Atlantic coast and along the Pacific coast.

Mr. HARDY. You used the expression that a subsidy was inflexible. It is a leading question, but Mr. Saunders said we wanted to get back to normal conditions and make no movement applicable to these present abnormal conditions. Can the legislature fail to take cognizance of the fact that we have those abnormal conditions, and, as a subsidy is inflexible, the very fact that if you pass a law giving a subsidy of so much a mile it would apply in abnormal conditions like the present, when it was not needed, as well as in normal conditions, when it is claimed to be needed?

Mr. IVY. I do not think there is any doubt about that.

Mr. HARDY. To-day if we had a subsidy by law passed some years ago every one of those vessels would be drawing a subsidy while they are charging such high rates as they are to-day.

Mr. IVY. I think that is a fact.

Mr. SAUNDERS. Have you not lost sight of the fact that this scheme would provide for the regulation of rates which would prevent that?

The CHAIRMAN. We are paying to-day about \$735,000 as a subsidy for American Line ships, the *New York*, the *St. Paul*, the *Philadelphia*, and the *St. Louis*, at just the same rates paid in normal times, and at the same time they are making these enormous profits by virtue of the increase in the ocean freights. That is simply an illustration of the fact.

Mr. EDMONDS. You might add, Mr. Chairman, that they are the only American ships in which you can go to Europe to-day.

The CHAIRMAN. Oh, yes; that is some sort of satisfaction—that we have some American ships. But that illustrates the point. That is all I wished to draw out.

Mr. SAUNDERS. Yes; but if you had a Government subsidy, without the provisions of this bill to control the rates, you have decidedly the same situation.

The CHAIRMAN. I am in favor of the provisions of this bill looking to the regulation of rates. I think one of the fundamental objections heretofore to any form of subsidy has been that along with it there has been no suggestion of the regulation and supervision of rates.

Mr. IVY. I just want to make one other statement here. It does not bear directly on this bill, but it does show what is coming. I have a friend who is very intimately connected in England, and he told me two days ago that he had information from there that all of the German prisoners and all of the camps in England had been ordered through Germany to study the Spanish language, and they were conducting schools in Spanish in all of those camps in England; and that seems to me to be a pretty good index that the Germans are looking toward South America.

The CHAIRMAN. If we were smart we would be qualifying our consular agents to go into the different countries of the world and study those conditions, and, as a necessary adjunct to their equipment, they ought to understand their language.

STATEMENT OF CAPT. J. F. BLAINE, OF SEATTLE, WASH., ASSISTANT MANAGER, IN CHARGE OF THE OPERATIONS OF THE PACIFIC COAST STEAMSHIP CO.

The CHAIRMAN. What is your business?

Capt. BLAINE. I am assistant manager in charge of operations of the Pacific Coast Steamship Co.

The CHAIRMAN. Between what ports does it operate?

Capt. BLAINE. We are operating 17 ships, covering the Pacific coast at practically every port, and to Alaska, and we have one ship under charter from the east coast to South America; and we have had two, but have one now, under charter running from the west coast to South America. But, Mr. Chairman, I have no authority whatever to speak here as the representative of the Pacific Coast Steamship Co., although I am an official. I am here on other business, and happened to be in Washington. I am the accredited representative of the Merchants' Exchange of Seattle, and on the matter I wish to speak—

The CHAIRMAN. It is entirely proper to understand your business affiliations. Now, this Pacific Coast Steamship Co.—who are the officers of it; who is its president?

Capt. BLAINE. Mr. J. C. Ford, of No. 10 Wall Street, New York.

The CHAIRMAN. Where is the company organized?

Capt. BLAINE. That is the Pacific Coast Co. The Pacific Coast Co. is the holding company of the Pacific Coast Steamship Co., which is a California corporation.

The CHAIRMAN. Proceed.

Capt. BLAINE. I have not anything to say for or against the bill in question, but, together with some others who are familiar with the shipping business—I might say I have spent a period in the steamboat-inspection service besides being a shipmaster—we have

gotten together and compiled what I might call a bill that, we think, will be a great benefit—I am safe in saying that—to the merchant marine of the United States. A broad statement, and one often used but seldom explained, is that our laws are antiquated. It is not so much the antiquated laws as it is the interpretation of some of those laws.

We believe in a shipping board. We believe in that shipping board having the authority to make laws consistent with safety to meet the conditions of competitive traffic with a foreign flag.

The CHAIRMAN. You understand that Congress can not delegate the power to the shipping board to make laws, do you not?

Capt. BLAINE. Not to make the laws; I mean to make the rules. Congress has delegated, by section 4405, to the board of supervising inspectors the power to make rules which, when signed by the Secretary, have the force of law.

The CHAIRMAN. Yes; under the law they are authorized to make regulations.

Capt. BLAINE. Yes; and many of those regulations are a menace and expense to American shipping. I can prove that, sir, in two instances. We had a ship from South America to Tacoma, operating in opposition to a Norwegian steamer, and we got into San Francisco on an expired certificate, and the inspectors demanded that we should discharge the cargo in order that it could be inspected; and the Norwegian steamer came along, discharged its part of the cargo at San Francisco, and proceeded on the voyage. In the case of our steamer, she was held up there for some time.

The rules as constituted now discriminate against American shipping, and that is a broad statement that I can prove.

Mr. HARDY. I wish you would make that very clear. We want to find what discriminations are practiced against our ships in our ports in favor of foreign ships.

Capt. BLAINE. I am willing to answer any question on that, sir.

Mr. HARDY. That is what I wanted to get; that is, if there is any rule of our inspection service practiced by our officials or required by our laws that discriminates in favor of the foreign vessel against the American vessel. If so, I want to change it. It has never been shown us heretofore nor has anybody complained before this.

Mr. CURRY. When we are compelled to discharge cargo for inspection purposes, that is a rule of the department, is it not?

Capt. BLAINE. That is administrative rule.

Mr. CURRY. That is an administrative rule?

Capt. BLAINE. Yes, sir; a narrow interpretation of the law.

Mr. CURRY. That is simply a rule that was put in operation by the department, and the American ship is compelled to discharge its cargo for inspection purposes?

Capt. BLAINE. Yes, sir.

Mr. CURRY. And that costs the American ships how much, in percentage, more than the foreign ships to be inspected?

Capt. BLAINE. Why, the foreign cargo ship in a very great degree, if accepted by the classification societies, is practically free from inspection.

Mr. CURRY. They are inspected in the home port anyway, are they not?

Capt. BLAINE. All vessels are inspected in the home ports.

. CURRY. And when the time comes for you to be inspected they send an inspector down where you happen to be—they will send a spectator there and he would make you discharge your cargo and d?

pt. BLAINE. Yes, sir; even if it was a cargo in transit.

. CURRY. That is one rule that is more expensive to American than to foreign ships?

pt. BLAINE. Yes.

. CURRY. Now, on the proposition of measurement; under the they measure as net tonnage everything they can possibly measure as net tonnage, do they not?

pt. BLAINE. Yes; I know that to be true.

r. CURRY. The same law governs the measurement of American shipping and British shipping, but under the British rules they measure everything they can, giving the ship that much advantage in dues, in canal dues, and matters of that kind?

pt. BLAINE. That is not so much the law as it is the interpretation.

r. CURRY. I did not say it was the law; there is no law at all. The proposition of law is identical, but because of the rules under the that the American ship is placed at a disadvantage in the measurement?

pt. BLAINE. Yes, sir; decidedly so.

r. CURRY. That simply is something that the supervising inspector of the department should change. They could change the rule they wanted to?

pt. BLAINE. If they so elected.

r. HARDY. How about fusible plugs?

pt. BLAINE. The Steamboat Inspection Service have seen fit to add an additional fusible plug requirement, for what reason I do not know, on our American ships. Our steamer, *Eureka*, three years ago was down in the Gulf of Tehauntepec, and I know how it can blow down there, and I have never seen a ship that would roll. This ship was caught in a gale of wind and she rolled to an extent that she exposed one of those fusible plugs and it blew the boiler down. If she had been on a lee shore and had but one boiler she probably would have been lost, and there would have been a loss of life there. That is all due to the rules and to the interpretation of the law. It is not in the law, but it is the way that it is interpreted. Section 4405 is the law that confers this authority on the inspectors, and foreign ships are exempt from that.

r. HARDY. Interruptions have somewhat broken the course of my statement. I would like to have you make a statement of every subject in which our ships are discriminated against in favor of foreign ships.

pt. BLAINE. I have made three right there that are very expensive. I will state a fourth.

r. HARDY. Do I understand that the fusible plug requirement of the inspection service applies only to our vessels?

pt. BLAINE. That is correct.

r. HARDY. Does the inspection apply to our vessels only?

pt. BLAINE. The inspection of the character that we have of our ships we do not object to; it is the time which it takes due

to the method—it is the delay. Great Britain expressly specifies that the ship shall not be delayed for inspection.

Mr. HARDY. Are British ships inspected in her ports, and our ships in our ports?

Capt. BLAINE. It could not be otherwise; yes, sir.

Mr. HARDY. When our ships go to British ports do they have the same advantage over the British ships there that Great Britain's ships have over our ships?

Capt. BLAINE. We only have four ships going to British ports.

Mr. HARDY. Are our ships inspected in the British ports just like the British ships are here?

Capt. BLAINE. Our passenger ships are inspected when carrying passengers from a British to an American port. They have an inspection of the equipment and mustering of the crew just the same as they have of their own. But that is not squeezing the boilers or going into a thorough inspection or examination.

Mr. HARDY. Are our freight vessels where they go—unless, maybe, we have not any?

Capt. BLAINE. That is true.

Mr. HARDY. So that you can not say what they would do to us. But I wanted to know if there was any evidence from which you can determine whether the British were subjected to inspection in British ports to which American vessels in British ports were not subjected?

Capt. BLAINE. American vessels in British ports. I will say an American freight ship would not be inspected leaving a British port. The British ship can sail indiscriminately out of an American port without inspection, and our American ship is held up unreasonably long for inspection.

Mr. HARDY. Here you mean?

Capt. BLAINE. Yes.

Mr. HARDY. But in England they do not inspect our ship?

Capt. BLAINE. Coming to this country? No; they would not inspect our ships. There is no reason to do it. I am speaking of the freight steamers.

Mr. HARDY. I am speaking of the freight steamers. It seems inconceivable to me that our administrative officers, who are anxious to promote the interests of our shipping, should discriminate against our shipping. I do not understand if you presented that to them why they should do it, nor do I want them to do it.

Mr. CURRY. I do not think you understood exactly what the captain said. He was not complaining about the inspection of the British ship in an American port or an American ship in a British port. What I understood he intended to say was that the British ship, when it was inspected in a British port, was not compelled to discharge its cargo for the purpose of inspection, while the American ship in the American port is compelled to discharge its cargo for the purpose of inspection. That makes the inspection of the American ship in the American port a great deal more expensive than the inspection of the British ship in British ports.

Mr. HARDY. I think I gathered that although it is sort of confused, and I do not know that I have a clearer understanding.

Mr. BYRNES. Do you mean to say in a British port that Mr. Curry is correct in stating when they inspect the British ship in the British

port they do not force that ship to discharge its cargo in order to make inspection?

Capt. BLAINE. They even embody it in their rules that they shall not delay their ships for inspection. They do everything to foster their merchant marine and still play safe.

Mr. BYRNES. I know. But, although it may be the rule, do they make them discharge their cargo?

Capt. BLAINE. In the judgment of the inspector, if it is necessary, I would assume they would discharge the cargo. I am not prepared, however, to answer the question, as I do not know.

Mr. BYRNES. Is there a hard and fast rule of inspectors in American ports requiring them to discharge their cargoes in order to make inspection here?

Capt. BLAINE. I have seen that applied; yes, sir.

Mr. BYRNES. I asked you is it a hard and fast rule or is it simply the action of the inspector?

Capt. BLAINE. The action of the inspectors would cover it.

Mr. BYRNES. Then it is somewhat fixed, and your contention is, your belief is, that in England in the exercise of their discretion they do not require it, while in America in the exercise of their discretion by the inspectors they do require it?

Capt. BLAINE. What affects us more, sir, is the fact—

Mr. BYRNES. I know, but is that so? Let me see if you understand that. Judge Hardy here has been asking you and Mr. Curry stated what I think you intended to state, but yet you won't state it. Do you state in this country the American-owned ship is at a disadvantage because in its inspection they require its cargo to be discharged? Is that right?

Capt. BLAINE. In America; yes.

Mr. BYRNES. In America. Now, let us understand about Great Britain. You claim there that the British-owned ship is not required to discharge its cargo when it is inspected. Is that so?

Capt. BLAINE. That is left to the discretion of the inspectors.

Mr. BYRNES. It is left to the discretion of the inspectors there?

Capt. BLAINE. Yes.

Mr. BYRNES. Is it not left to the discretion of the inspector in America?

Capt. BLAINE. I won't say that it is not.

Mr. BYRNES. You say what?

Capt. BLAINE. I will not say that it is not.

Mr. BYRNES. What do you mean by that; that you do not know?

Capt. BLAINE. I mean I have been an inspector, and I have let the inspection go by because it was not displaying commercial intelligence to compel them to discharge the cargo, and in other cases I have seen the inspectors stand on the technicality and say that they must discharge their cargoes.

Mr. BYRNES. Then it is in the discretion of the inspector?

Capt. BLAINE. Yes, sir; but it should not be in the discretion of men getting from \$1,500 to \$2,500 a year to pass on those things. That is what I want to say on that matter.

Mr. BYRNES. How much did you get?

Capt. BLAINE. \$2,250.

Mr. BYRNES. Then if you raised the salary, you would be satisfied?

Capt. BLAINE. No, sir; I am not interested in the Steamboat-Inspection Service.

Mr. BYRNES. You started to tell about the interpretation of the rules, and now you have said the inspector is underpaid, and therefore not a competent man to fill the position?

Capt. BLAINE. I do not say they are not competent men; they are competent men, generally speaking, but there are individuals who, perhaps, are not.

The CHAIRMAN. I understand, Capt. Blaine, they do not exercise the discretion soundly which they have in the matter.

Mr. RODENBERG. You do not believe that that discretion should be lodged in the inspectors to compel boat cargoes to be discharged for the purpose of inspection; you do not think that is fair to the shippers?

Capt. BLAINE. When the master and the engineer of the ship are satisfied that the ship is safe and the ship is in transit I say that it should not be discharged and put a burden on the American ship that is not put on the foreign ship.

Mr. RODENBERG. I agree with you.

The CHAIRMAN. I think we all agree to that.

Mr. CURRY. When the time comes for the inspection of the American ship the American ship must be inspected, and it is inspected whether it is ready or not; no matter if it is not ready it has to be inspected, and if it is in San Francisco it has to be inspected in San Francisco?

Capt. BLAINE. Yes.

Mr. CURRY. Whereas under the British rules the ship goes to the home port and is given papers there. And if in Los Angeles or an American port—

Capt. BLAINE. The British ship would not have any inspection at all.

Mr. CURRY. Not until she got home; but if she comes in loaded she is not compelled to unload her cargo in order to inspect her, but they inspect her loaded; whereas with an American ship when the time comes for inspection she must be inspected, and if she is loaded she must be unloaded and then reloaded, and nine times out of ten she is loaded.

Capt. BLAINE. Yes, sir.

Mr. CURRY. I think that is what you intended to say?

Mr. VAN DYKE. An American ship in an English port, at Liverpool; do they have to go through the same inspection?

Mr. CURRY. No; and the British ship in this port does not, either.

Mr. VAN DYKE. Then that is not true.

Mr. CURRY. It is simply the passenger ships, the English passenger ships that have to be inspected here and American passenger ships are inspected there.

Mr. EDMONDS. Only as a protection to life.

Mr. CURRY. That is it.

The CHAIRMAN. If you will take the recent publications of the Department of Commerce "Special Agents' Series No. 114, Navigation Laws: Comparative Study of the Principal Features of the Laws of the United States, Great Britain, Germany, Norway, France, and Japan," you will find on page 54 the inspection of vessels under the laws of the United States. On page 56 you will find the laws of

Great Britain affecting the inspection of vessels. And I think if you will examine them you will find there is no essential difference between them whatever.

Mr. CURRY. I do not think there is any practical difference between them. It is simply an interpretation of the rules.

The CHAIRMAN. The fact is that ours were copied from the English laws.

Mr. SAUNDERS. Do I understand you, then, to say that these inspection laws to which you refer are more intelligently administered by the English authorities than by the American authorities, and that as a result of the failure on our part to use that same good sense which the English use in enforcing their inspection laws, a burden has been put upon our commerce which places it at a disadvantage with its foreign competitors? Is that the substance of what I understand you to say?

Capt. BLAINE. Yes, sir.

Mr. HARDY. Now that you are figuring on those cases, I want to call your attention to (and ask you if it is correct) some testimony that was given here about fusible plugs. I want to find if it is a restriction on our merchant marine.

Mr. RODENBERG. Judge Hardy, being a landlubber, will you tell me what a fusible plug is?

Mr. HARDY. That is just what I was going to do. Here is a gentleman now before us who advocates that inasmuch as it is not required and not used in ships of any other country that it should be abandoned. That suggestion came before us in pamphlet form. Mr. Chamberlain was before us and testified, and I asked Mr. Chamberlain:

Mr. HARDY. It is a very trivial matter, is it not?

Mr. CHAMBERLAIN. It is not a large matter. It certainly can not be called a handicap on the American merchant marine.

Mr. HARDY. Can you tell us just what a fusible plug is?

Mr. CHAMBERLAIN. It is a little plug of brass with a soft metal inside of it that will melt as the temperature rises. I do not remember to what degree, but at what is assumed to be the danger point.

The CHAIRMAN. Capt. McAllister, will you explain that for us?

Capt. McALLISTER. This fusible plug is a precautionary measure that they use for boilers. In the table sheet in the back connection of the Scotch boiler they insert a little plug. In the interior of this plug is a composition of metals which melt easily. If the water gets down below this plug the temperature rises so high as to melt this fusible alloy, and that will blow out and give warning that the water is low.

The CHAIRMAN. That is in the interest of safety?

Capt. McALLISTER. That is in the interest of safety; but there is no ship in the United States Navy using it to-day, and there is no revenue cutter which uses it to-day. They have other precautionary measures which do not make it necessary.

Mr. HARDY. It is nothing but a safety valve?

Capt. McALLISTER. It is really a little safety appliance; yes, sir. They cost from \$3 to \$5 a piece. They are not expensive, but what the ship people complain of is the delay and bother of fitting them. They have to insert new plugs each year, and they have to cool the boilers down to put them in. It is more bother than expense really.

Mr. CURRY. And it involves delay?

Capt. McALLISTER. Delay; yes, sir.

The CHAIRMAN. It could be dispensed with without militating against safety?

Capt. McALLISTER. As I say, the United States Navy and the Coast Patrol dispensed with them long ago.

Mr. HARDY. What do they have in lieu of them?

It seems to me, Captain, to say the least, that it is once a year; and do you think that is a great handicap?

Capt. BLAINE. How long ago was that testimony taken?

Mr. HARDY. About five or six days ago.

Capt. BLAINE. We put those in every four months, sir.

Mr. HARDY. That was Capt. McAllister's testimony about it. But even for every four months, it is not a great expense, \$3?

Capt. BLAINE. It is not the question of the expenditure. We will expend any money, any steamship company will, from the point of policy, and it will spend the money also from the point of safety.

Mr. HARDY. Do you think you have some equally safe substitute for that safety valve?

Capt. BLAINE. It is not a safety valve, sir. There ought to be one fusible plug, but they should not make a piece of Swiss cheese out of a boiler, which this does; there are too many.

Mr. HARDY. There is no question if our inspection force are making Swiss cheese out of the boilers that they are fools, and they ought to be discharged.

Mr. CURRY. It is not the proposition of the cost of the one plug; it is the cooling down of the boiler and the delay, which costs a great deal of money.

Mr. HARDY. Certainly; but the captain says they require a good many of them.

Capt. BLAINE. I do, sir; and more than anywhere else; and they do not do any good.

Mr. HARDY. The committee ought to prefer charges against the inspection service for being incompetent.

Capt. BLAINE. I am not doing anything vicious.

Mr. HARDY. It is vicious if your testimony is correct.

Capt. BLAINE. I should recommend to put under that commission the inspection service and the Bureau of Navigation.

Mr. HARDY. What would you call a commission, except the Steamboat-Inspection Service, which is just like a commission, with the subordinates and a higher officer and then the highest officer?

Capt. BLAINE. Those men should be commercial-minded men; they should put men in there with commercial minds.

Mr. HARDY. We can not, by law, determine what kind of minds men shall have that will fill a place.

Capt. BLAINE. It is so in the Interstate Commerce Commission.

Mr. HARDY. Do you think there is any possibility of determining by law the mental capacity of men except in the discretion of the appointing power that he is fit?

Mr. CURRY. You have been in the service?

Capt. BLAINE. I have been in the service; yes, sir.

Mr. CURRY. What do you think about this hydrostatic boiler test?

Capt. BLAINE. I think in the case of freight steamers it is absolutely unreasonable.

Mr. CURRY. If you have been in the service you can give us information, and that is what I want, why it is unfair and why it is unreasonable. Besides the extraordinary pressure on the boiler, which tends to weaken it, is it a safety proposition to inspect it that way, and is it expensive, and why do they use the hydrostatic test on boilers? I know that other nations do not have it, but we do.

The CHAIRMAN. Explain what the hydrostatic test is.

Capt. BLAINE. In our country we take boilers and put one and a half times the steam pressure allowed on that boiler and put it on, sir, in water supposed to be under 72 degrees. I think Capt. McAllister will bear me out in saying that is equal to double the steam pressure, and that is a pressure we never get or can get on a boiler. Other countries do not do that. And in proof of the effect of that, I believe the American builds as good a boiler as any country in the world, and yet the average life of our boiler is 18 years and the average life of the British boiler is 24 years.

Mr. CURRY. In this hydrostatic test do they not pump the boiler full of water and then keep on pumping until they get the pressure?

Capt. BLAINE. Until they get the pressure.

Mr. CURRY. And it strains the boiler?

Capt. BLAINE. It naturally strains the boiler in its cold state and causes leaks.

Mr. CURRY. And it is compelled to stand a strain of twice as much as is permitted under any ordinary circumstances; that is, it is twice the amount of strain that the steam strain would be under any circumstances while the ship was at sea?

Capt. BLAINE. Fully that—the cold-water test.

Mr. CURRY. How often is that done?

Capt. BLAINE. In our country every 12 months.

The CHAIRMAN. How often is it done abroad—by England?

Capt. BLAINE. Great Britain does not have that test, except at the discretion of the inspectors. Of course, Great Britain is fortunate in that its classification society—that is, its bulwark—means something.

The CHAIRMAN. What do you mean by the classification society?

Capt. BLAINE. That is getting me into deep water. It is something hard to explain.

The CHAIRMAN. You say it means a great deal?

Capt. BLAINE. Yes, sir.

The CHAIRMAN. We can not determine if it means anything of value unless we know what it is.

Capt. BLAINE. There are societies—for instance, they have the Bureau of Veritas, that classes ships, and to keep within the class the ships must be kept up to a certain standard. I can not say whether the British Board of Trade recognizes the societies or not.

Mr. CURRY. They recognize the Lloyd's, do they not?

Capt. BLAINE. I can not make a positive statement.

Mr. CURRY. I do not mean the insurance of Lloyd's, but I mean the classification of Lloyd's.

Capt. BLAINE. I am not sure.

Mr. HARDY. Have you the bill, that you spoke of as your bill, which is intended to remove the evils that you speak of?

Capt. BLAINE. I have; yes, sir.

Mr. HARDY. Is it easily set forth in words, or is it lengthy?

The CHAIRMAN. What I would like to know now, Captain—of course, we are considering now H. R. 10500, known as the shipping bill; what suggestions have you to make with regard to this proposed legislation?

Capt. BLAINE. That relates, in a degree, to a commission or to a shipping board.

The CHAIRMAN. In what way? Make it clear, now; in what way?

Capt. BLAINE. H. R. 10500, I think, provides for a shipping board.

The CHAIRMAN. In what way does it relate to 10500, or in what way would you have the bill amended to meet your view?

Mr. HADLEY. I think, Mr. Chairman, if he would just go forward and make his statement of what he has here it would perhaps clear it up.

The CHAIRMAN. In other words, to make it plain, do you think the powers now vested in the Department of Commerce—that is, the Bureau of Navigation and the Steamboat-Inspection Service—should be transferred to this shipping board?

Capt. BLAINE. Yes, sir; to a commission; and that the commission shall make a careful comparison between the navigation laws of the United States and the maritime countries to ascertain if, as regards the regulations for American shipping, our regulations carry any burden that the shipping of other nations are free from, and to remove the same. Not to report to Congress, but to give them power to remove the same, by consent of the President.

The CHAIRMAN. Now I get your idea. You think these powers ought to be vested in the shipping board?

Capt. BLAINE. Yes, sir. But, in view of the conditions as they are now, which are unhealthy to our over-seas trade, I do not believe that the time is ripe for regulating the rates of a steamship company or determining even a subsidy or program of building Government ships. I do not think it would be commercial, Mr. Chairman. If we could get the administration and interpretation of our navigation laws down to a point where we were on a par with the Norwegian or British ships, particularly with our freight ships, not so much with our passenger ships, we would be in a fair fighting position.

Mr. SAUNDERS. In that connection, let me ask you the same question Judge Hardy did. Will you, in a specific, concrete way, suggest what is necessary to be done to get our ships down to a fair state of competition between American and Norwegian ships? That would bring right to the fore.

Mr. EDMONDS. The captain has something to suggest in the way of a subsidy bill, and I think it would not be a bad idea to put it in the record, and then we can read it over.

Mr. SAUNDERS. That is all right, but while we are on that point, the point of disadvantage to our freight ships, for instance, with the Norwegians, and that something could be done to put us on an equality. I asked the same question in connection with the question that Judge Hardy has been asking, for you to tell us now, in a concrete way, what, in your judgment, ought to be done to put us in that position?

Capt. BLAINE. First, I would say the appointment of a commission of this character with power enough to interpret the law so that the results would be equal. First, I would take up the point of the measurement of the ship, so that a Norwegian ship of 3,000 tons coming in to the port, we will say, of New York, and that is carrying 3,000 tons, would have exactly the same measurement as an American ship coming in carrying 3,000 tons—to see that the inspection requirements were the same for the two vessels, and that the original construction requirements were the same.

The CHAIRMAN. Right at that point. Here are Germany, Norway, and Great Britain: they may have different inspection laws—to which one must we conform?

Capt. BLAINE. I would take the one most lenient to operate under for the American commerce; and if the commission had the discretion they could use their judgment there to meet conditions.

Mr. SAUNDERS. Your measurement proposition—it seems to me to be a very simple one. You mean, now, that the Norwegian ship which does not carry a ton more of freight, for instance, and can not carry a ton more of freight than its hypothetical American competitor, we will say, has an advantage in coming in to the port of New York over its American competitor?

Capt. BLAINE. That is a matter of record, sir.

Mr. SAUNDERS. How is that brought about, and what would you suggest to relieve that?

Capt. BLAINE. I only say that a commission with a commercial mind—

Mr. SAUNDERS. How was it brought about in the first instance; how was that inequality produced as against our American ships? We do not want to stand for anything like that if we know it.

Capt. BLAINE. I attribute that to the interpretation of the laws by the administrative officers.

Mr. SAUNDERS. Do you mean to say our people, with the spirit to put those two ships that I have given as competitors on an equality, interpret the laws to the disadvantage of the American ships and in favor of the Norwegian competitor?

Capt. BLAINE. Apparently so, sir.

Mr. SAUNDERS. In what way do they do that? We would be glad to get something concrete.

Capt. BLAINE. I only used the question of measurements, but I could go into another tender subject—the seamen's bill.

Mr. CURRY. Is not this true, that in the American port, the Norwegian port, or the English port they all have measurements for tonnage dues; but in New York, while the tonnage dues are charged according to our tonnage measurements, the British ship in a British port, or the Norwegian ship under the Norwegian commission, the Norwegian ship having an equal tonnage with the American ship, pays the same tonnage dues in New York as the American ship, still the American ship, when it goes over to Norway or England, pays the registered American tonnage, which gives us a disadvantage? For instance, Col. Goethals the other day called attention to the fact that an American ship was charged \$500 more for going through the Panama Canal than her identical sister ship. He did not seem to know why that was. He thought the laws of the United States were responsible for it, when as a matter of fact the laws of Great Britain and the United States are almost identical regarding measurements; but in Great Britain, in measuring a ship for net tonnage, they measure out everything possible and give it the lowest net tonnage possible under the law.

Mr. RODENBERG. They deduct everything?

Mr. CURRY. They deduct everything possible from the gross tonnage to make the net tonnage; and it is the policy of our department to measure in everything possible to make the tonnage as great as possible.

Mr. SAUNDERS. That presents a means, then, Mr. Curry, to get at what we are after; it is a very simple situation. We can instruct

our people, by law or otherwise, to do just what England does, and if our people have got any discretion in this matter about how they shall be measured, to see that they do not deliberately continue to measure in so as to put our people at a disadvantage.

Mr. LOUD. Robert Dollar says that in his own ships the same ship measured in a foreign port is 700 to 900 tons less than measured by our system.

Mr. HARDY. Mr. Loud, Capt. Dollar stated that about a year ago here, and it was the first time it ever came to our attention, and we have been wrestling with it ever since. Mr. Chamberlain came here the other day and made this statement; he stated that our laws, with reference to measurement, were practically in conformity with the English law in every respect, except in some respects they had the advantage in reference to unloading. He also stated that every vessel that left our ports with an American certificate of measurements of tonnage has the right and we gave them the opportunity to take along with it a certificate converting our measurements into English tonnage, or they could carry the shipping tonnage certificate for the port of entrance of any nation in the world, and that if they paid excess dues it was their own fault.

Mr. LOUD. Do you mean to say the method of measurement has been changed?

Mr. HARDY. He said they granted a certificate, as I understood, which was made to conform to their measurements there, so as to have no discrimination against us, and that they gave the measurement of our ship in English terms or any other terms for foreign ports, and that for foreign vessels coming into our own ports, they got no more favor in the matter of tonnage dues than our ships. That is Mr. Chamberlain's testimony. I do not know whether Mr. Blaine has read the testimony, but I would like to ask you to read his testimony. He went into the whole subject here and presented it to us, and when he got through he could not find any conscious discrimination against American shipping, and I certainly can not conceive of any desire on the part of our inspectors to load our ships down with unfair burdens or dues. It would be absurd.

Mr. CURRY. They do; and I asked the question why, and he said it was simply from a desire to increase the port and tonnage dues.

Mr. HARDY. They might do it here, but, if you remember, he said every ship could carry for a British port, a German port, or a Norwegian port a certificate converting our measurements into the measurements of any other country.

Mr. CURRY. They could always do it.

Mr. LOUD. Do you mean to say that a boat going through the Suez Canal would have the option as to which method of measurement it would go under?

Mr. HARDY. I do not know what he said about that, but he said there was absolutely no discrimination in our measurements at present against our vessels.

Mr. HADLEY. You have spoken two or three times about having a board of commercial minds. I would like to have you state what kind of a board you would suggest, concretely.

The CHAIRMAN. I was going to say, if you will turn to page 172 of this same publication, Navigation Laws, comparative study of the principal features of the laws of the United States and Great Brit-

ain, Germany, Norway, France, and Japan, you will find in Appendix D, "Deductions other than propelling power under the measurement rules of Great Britain, the Suez Canal Co., Germany, and the United States." I think you will get more information there than you can get from this witness.

Mr. HADLEY. I was going to ask as to the character of board he would suggest, because I thought we might be able to get it concretely stated. But if this proposed measure is to go into the record, that will answer all of my questions, I think, as the chairman has suggested.

The CHAIRMAN. We would be very glad to have his suggestions in that bill for consideration.

Mr. HADLEY. And if the captain wishes to make any further suggestions about its contents, I would like to hear it, so far as they bear on 10,500.

Mr. ROWE. Have you any more difficulties that you would like to present?

Capt. BLAINE. I might say the crew requirements are a discrimination against American ships. Some of the other countries set forth in the publication to which Judge Alexander refers, much of that is left to the discretion of the owner; and then that owner or operator is our competitor. Recently an appeal was taken to Washington on our steamer *Umatilla*, that was laid up and not operated because they could not operate with the expensive crew. She will carry 3,000 tons. But there is not a commercial mind in those two bureaus now. They require 6 seamen, 3 mates, a master, a chief engineer, 3 assistants, 3 water tenders, 3 oilers, 9 firemen, and 6 coal passers. The vessel has a speed of 10½ knots and burns 34½ tons of coal a day. She was inspected in one part of the country. The *Newton*, that will carry 7,000 tons, of the same speed, was relieved from carrying 6 coal passers, 3 water tenders, and 1 engineer, and burns 42 tons of coal a day. I am merely giving this as an illustration of the interpretation of the law in different ways as being a hardship on us. This is not a commercial interpretation of the law nor a uniform manner as they administer it. An appeal was finally taken to the Supervising Inspector General, and we could not operate the *Umatilla* without putting her under the flag of another country.

Mr. ROWE. If you had her under the Norwegian flag how many men would she require?

Capt. BLAINE. One master, possibly two mates—maybe one—six seamen, one chief engineer, and another engineer.

Mr. HARDY. You are speaking now under the requirements of the seamen's bill?

Capt. BLAINE. The seamen's bill has no reference to this, sir.

Mr. HARDY. It is without regard to the seamen's bill?

Capt. BLAINE. Without regard to the seamen's bill.

Mr. HARDY. But simply that our inspection service has required more men than other countries?

Capt. BLAINE. Yes, sir.

Mr. HARDY. Do you believe, therefore, that we ought to make no requirements as to the sufficiency of the crew?

Capt. BLAINE. If we are going to compete with the other man we have to carry the same crew as the other man.

Mr. HARDY. Your position is, then, that we ought, to enable us to compete, to leave the shipowner to do just as he pleases about the number of his crew, in order that he may make them as few as another competitor?

Capt. BLAINE. Oh, no; I believe in stating what men, but I would not be radical with the shipowner or anybody else.

Mr. HARDY. But whenever we make a requirement you object on the ground that it would prevent competition?

Capt. BLAINE. I would make my requirements commercial.

Mr. HARDY. But you want to clothe somebody with a discretion?

Capt. BLAINE. Somebody with a commercial mind.

Mr. HARDY. The only thing is you would like to determine the commercial mind?

Capt. BLAINE. Sir?

Mr. HARDY. The only thing is you would like to have a commercial minded man clothed with this discretion?

Capt. BLAINE. I would rather see a commission than a discretion in one person.

Mr. SAUNDERS. In that case you have cited, do I understand, the requirement for a smaller ship was much more exacting than for a larger ship?

Capt. BLAINE. Yes, sir.

Mr. HARDY. And yet, under our inspection service, if the inspector makes a requirement that is appealable to the supervising inspector of the district, and after that to one man—the supervising inspector general; so you have under existing law the one man at the head of it. Is not that true?

Capt. BLAINE. There is one man. I say there should not be the one man.

Mr. HARDY. Well, we have just one man now.

Mr. RODENBERG. He objects to that.

Capt. BLAINE. I say that has been appealed clear through to the supervising inspector general and sustained.

The CHAIRMAN. Do you think the captain of the ship should stand watch with the mates? You do not think that, do you?

Capt. BLAINE. The master of an ocean-going ship should stand watch and watch?

The CHAIRMAN. Yes; or to stand watch at all?

Capt. BLAINE. On the ocean-going ship?

The CHAIRMAN. Yes.

Capt. BLAINE. No, sir.

The CHAIRMAN. You do not think that requirement unreasonable do you?

Capt. BLAINE. No, sir.

The CHAIRMAN. Do you think the mates ought to stand watch and watch?

Capt. BLAINE. Coastwise, where they have short runs, watch and watch. Offshore, I will say runs over 400 miles, they ought to have three watches. I have been a mate and a sailor, too, and I appreciate what it means, and I think in the interest of safety there should be three watches.

The CHAIRMAN. Very well, there ought to be three mates on the vessel.

Capt. BLAINE. Yes, sir.

The CHAIRMAN. Very well. Then let us take the engine room. You say there ought to be a chief engineer and an assistant engineer. Ought there to be more on any ship?

Capt. BLAINE. Yes, sir; but licensed engineers are not necessary. An engineer is a mechanic, with all due respect to Capt. McAllister. And you can take a thorough mechanic out of a machine shop, as they do in Great Britain and Norway.

The CHAIRMAN. How many do you think there should be in the engine room?

Capt. BLAINE. On a freight steamer, say one of 3,000 tons, the two certificated engineers have proven sufficient and safe in Great Britain for many years.

The CHAIRMAN. They ought to stand on watches, ought they not?

Capt. BLAINE. There ought to be somebody on watch.

The CHAIRMAN. Should either the chief engineer or assistant engineer be on watch all the time, or would you leave it with the mechanic to run the ship?

Capt. BLAINE. They are mechanics, sir.

The CHAIRMAN. You say there is no difference between the engineer and a mechanic?

Capt. BLAINE. The one has a certificate that strengthens his position; that is all.

The CHAIRMAN. Should one of these certificated men be on watch all the time?

Capt. BLAINE. If a man is a thorough mechanic and has the ability, I see no reason why he should not stand watch.

The CHAIRMAN. If he has the ability and skill, why should he not be certificated as such?

Capt. BLAINE. They do issue a certificate in these other countries. Let him be certificated and put on a par with the other country, but I would not carry more than they do.

The CHAIRMAN. I do not care what you call him, if he has to be there, he has to be paid, does he not? That does not diminish the cost?

Capt. BLAINE. The pay is different when the man has a certificate.

The CHAIRMAN. There should be three men, should there not, in the engine room?

Capt. BLAINE. I won't say three licensed men.

The CHAIRMAN. Three men?

Capt. BLAINE. Three men.

The CHAIRMAN. They ought to be skilled men?

Capt. BLAINE. On voyages over 400 miles.

The CHAIRMAN. And skilled men; is not that true? In other words, the man on the watch ought to be a skilled man, and he ought to understand his duty and know how to take care of every duty in the engine room, ought he not, whether he has a certificate or not?

Capt. BLAINE. Yes.

Mr. CURRY. You said that a man could be taken from a machine shop and made an engineer on a ship.

Capt. BLAINE. In Great Britain they do. I have been before the mast on an English ship, although American born, and they have two certificated engineers—a chief and a second. Then they take men out of the shop and call them the third and the fourth. They have served there four years.

And then another thing where we have a hardship: In Great Britain a man can be certificated before he is 21, but not so in this country.

Mr. CURRY. You take this proposition of the engineers, and you take a man out of a machine shop and put him in the engine room how much oil or coal would he waste if he did not understand how to handle it? Do you think that would be an economical proposition for the owner?

Capt. BLAINE. The man direct from the machine shop?

Mr. CURRY. Yes.

Capt. BLAINE. He would be a better man than what is known as the shovel engineer.

Mr. CURRY. That is begging the question entirely. The shovel engineer—that is begging the question. But if you were to take a man out of a machine shop and put him down in the engine room could he run that ship economically and safely for the company?

Capt. BLAINE. It has been demonstrated that he can, sir.

Mr. CURRY. Where has it been demonstrated, I would like to know?

Capt. BLAINE. In the foreign vessels.

Mr. CURRY. I would like to know some foreign vessel. It takes a man from 10 to 15 years to work up to chief engineer in this country. They go in there and work up from a small pay into the business. A man has to have a pretty good education before he can pass the examination, and has to understand algebra and mathematics.

Capt. BLAINE. No, sir.

Mr. CURRY. Yes, he does.

Capt. BLAINE. I have been a mate.

Mr. CURRY. Before you get to be chief engineer you have got to understand how to figure out everything in the boiler and everything in the engine room and, and the engineer has to know how to handle coal and he has to know how to handle oil and how to use it. And you take a man out of a machine shop and put him in front of an engine and how much coal will he waste and how much oil will he waste, and do you think it would be as safe for the owner of the property to have an unskilled man there as it would be to have a man of skill? I should think an owner taking a man out of a machine shop and putting him in an engine room would be playing hookey from an insane asylum.

Capt. BLAINE. The man out of the machine shop is more than a mechanic; he has been on ships time and time again in the course of training. That is what you would have to do if you put us on a par with Great Britain.

Mr. CURRY. You are taking a man from the machine shop that is a trained engineer on the ocean. That is not what you said.

Capt. BLAINE. He is a trained marine mechanic.

Mr. RODENBERG. Capt. Blaine does not say this mechanic shall take full charge; he says there ought to be two certificated engineers on board ship.

Mr. CURRY. I think he was unfortunate in not saying exactly what he meant.

Mr. HARDY. I would just like to refer Capt. Blaine to pages 17 and 170 in this law which gives our measurements precisely the same as that of Great Britain, with two differences—Great Britain includes the deck load space and we do not in the certificate of tonnage.

and Great Britain deducts 120 feet only on old vessels and we deduct 72 cubic feet of crew space, that being on account of the fact that no more than 72 cubic feet of space is allowed for crew space in our law, while 120 feet is allowed in Great Britain.

The CHAIRMAN. That is a discrimination in our favor.

Mr. HARDY. That gives us a little more tonnage and a little less crew space, and their law gives a little less tonnage and a little more crew space, but we deduct more for the deck load.

(The bill offered by Capt. Blaine is as follows:)

[Proposed bill for regulating and administering the functions now performed by the steamboat-inspection service and the bureau of navigation, and for the promotion of commerce and safety of life at sea.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a commission is hereby created and established, to be known as the Merchant Marine Service Commission, which shall be composed of five commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate.

At least one member of the commission shall be appointed from the Atlantic seaboard States, at least one from the Pacific seaboard States, at least one from the States bordering on the Great Lakes, at least one from an inland port, and at least one from the States bordering on the Gulf of Mexico. Not more than three of the commissioners shall be appointed from the same political party.

Said commissioners shall not be actively engaged in any other business, vocation, or employment during their tenure of office.

The commissioners first appointed by this Act shall continue in office for the terms of three, four, five, six, and seven years, respectively, from the first day of June, 1916, the term of each to be designated by the President. Their successors shall be appointed for terms of six years, except that any person to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he shall succeed.

The commissioner first appointed for the term of three years, and thereafter his successor, shall have had practical experience at sea within the last ten years for a period of a year or more as a licensed shipmaster of an ocean-going steam passenger and freight vessel. The commissioner first appointed for the term of four years, and thereafter his successor, shall have had experience in the practical operation of shipping, and shall have been employed within the last ten years for a period of a year or more in the capacity of superintendent or manager of a firm, or firms, engaged in the ocean carrying trade, with a fleet of more than three ocean vessels. The commissioner first appointed for the term of five years, and thereafter his successor, shall be an experienced marine engineer and shall have had within the last ten years at least one year's experience as chief engineer of an ocean-going passenger and freight vessel. The commissioner first appointed for the term of six years, and thereafter his successor, shall be a naval architect, who shall also be experienced in marine engineering and shall have been so employed within the last ten years for a period of at least three years in a recognized shipbuilding plant. The commissioner first appointed for the term of seven years, and thereafter his successor, shall be learned in the maritime law and shall be the chairman of the commission.

Any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

No vacancy in the commission shall impair the right of the remaining commissioners to exercise the right of all of the powers of the commission.

During a vacancy of chairman the remaining commissioners may select one of their number to act as chairman pro tempore until a new commissioner to act as chairman shall be appointed and qualified. Three members of the commission shall constitute a quorum, and the majority vote of all the commissioners then qualified to act shall control.

The commission shall have a seal which shall be judicially noticed.

Either of the members of the commission may administer oaths and affirmations and sign subpoenas.

For the purposes of this act the commission shall have power to require, by subpoena, the attendance and testimony of witnesses, and the production of all

books, papers, and documents, relating to any matter under investigation, at any designated place of hearing, and may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses, and the production of books, papers, and documents, and any failure to obey the order of the court may be punished by such court as contempt thereof.

That said commission shall formulate and prescribe rules and regulations governing the construction, gross and net tonnage measurement, shipping of crews, equipment, inspection, licensing, enrollment and registry, operation and navigation of vessels of the United States of whatever class, kind, size, or motive power.

The commission shall take over the functions of the Steamboat-Inspection Service and the Bureau of Navigation, fill all vacancies that may occur in said services, and review all questions passed on by the local or supervising inspectors, when an appeal is taken to the commission by the parties in interest; the commission shall also formulate rules for fixing the freeboard of all vessels of the United States, under load conditions, for summer and winter service, with modifications to meet the requirements of different trades, and for freight and passenger service, and in connection with freeboard the question of adequate transverse and other subdivision; the stability curves of all ships carrying passengers shall also be examined by the commission; said commission shall administer the laws governing the licensing and the rights and duties of all officers of vessels of the United States and shall administer the laws governing the rights and duties and qualifications of seamen, and shall formulate and prescribe rules and regulations governing the shipping and water-borne commerce of the United States, which rules and regulations shall become effective whenever promulgated by the President by proclamation thereof; such rules and regulations may be repealed, changed, modified, or amended by the commission or by promulgating act of the President, and all acts of law inconsistent with or incompatible with the authority hereby given said commission are repealed by this act.

The commission shall make careful comparison between the navigation laws of the United States and other maritime countries to ascertain if, as regards statutory regulations, American shipping carries any burdens that the shipping of other nations are free from, and also to determine the difference in the cost of construction of vessels in the United States and the cost of construction of vessels in other maritime countries, and if it is found that American shipping does carry burdens that other nations are free from the commission is hereby given the power, and it is the intent of this act that the commission shall take the necessary steps, to remove such burdens from American shipping.

That the salaries of the commissioners shall be \$10,000 per annum for each commissioner, payable in the same manner as the judges of the courts of the United States.

That the commission is authorized and empowered to appoint a secretary, to serve at the pleasure of the commission, at a salary of \$5,000 per annum, and to engage such other employees and assistants as it may deem advisable, whose terms of employment of service shall be at the pleasure of the commission and whose salaries or wages or compensation shall be fixed by the commission, with the approval of the President.

Until otherwise provided by law, the commission may hire suitable offices for its use and shall have authority to procure all necessary office supplies.

Witnesses summoned before the commission shall be paid the same fee and mileage that are paid witnesses in the courts of the United States.

All of the expenses of the commission, including all necessary expenses for transportation incurred by the commissioners or by their employees under their orders, in making any investigation or upon official business in any other places than the city of Washington, shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the chairman of the commission.

On or before the first day of December in each year the commission shall make a report to Congress, which report shall also contain its findings and recommendations.

That the commission shall have full power and authority to do all acts and to incur all obligations necessary to the carrying into effect of the letter and spirit of this act, and all laws to the contrary are hereby repealed, and the bureaus now known as the Steamboat-Inspection Service and the Bureau of Navigation are abolished as such with the appointment of the commissioners named, who shall perform the functions of said bureaus and who shall take over all funds appropriated for said bureaus and, through consolidation of the functions of those bureaus, administer the same.

AFTER RECESS.

The committee reconvened pursuant to the taking of the recess.

**STATEMENT OF MR. BERNARD N. BAKER, 905 CALVERT
BUILDING, BALTIMORE, MD.**

Mr. BAKER. I believe you gentlemen have before you one of the most important, not only national, but international, questions to consider that has ever come before Congress, and that you will give it that wise, prudent, careful thought and consideration in reaching your conclusions which I know you are able to do, entirely independent of what may be for the personal, political, or individual interest of anyone, but only for the best interest of our whole country. You can bring to pass what is more important, in my opinion, than any question to-day under consideration, and that is the possibility of a federation of the nations of the world (particularly on account of the disastrous war now raging in Europe) a means of insuring the future peace of the world, through the placing of our own country in the position it always should occupy in the control of its own water-borne foreign commerce, under its own flag, and this would necessarily be followed by the development of a powerful and efficient naval force and equipment, all of which is closely and intimately interrelated with the merchant marine. In this the board you propose to form could be the means of bringing about relations with foreign countries in the control of the commerce of the world a power that could isolate any proposing belligerent nations and force them to go to a court of arbitral justice; and further than this, you could make effective the decrees of such a court, because it is the only way that power could be given to such a court of enforcing its decrees.

For more than 30 years—and my recollection is that I came before a committee of Congress first some 35 years ago—I was actively interested in the steamship business and always owned a controlling interest in the company of which I had the honor to be the president, so was absolutely free to carry out my own policies.

Being an American, and, I hope, a loyal one, I always tried to be loyal to my company; to put our ship under the American flag was impossible. We could not operate them as economically. We could not find the men to man them; it was impossible. I think the first ship we built was in 1880, the steamship *Maryland*. For years we paid large dividends. We were able during the long continuance of that company to be of some assistance in the development of our commerce.

The CHAIRMAN. What was your company?

Mr. BAKER. The Atlantic Transport Co. (Ltd.).

The CHAIRMAN. Where was this ship built?

Mr. BAKER. That ship was built by William Gray & Co., of West Hartlepool, England.

Mr. ROWE. Under what flag were you running?

Mr. BAKER. Under the British flag. Many times I was before the different committees here and the committees of Parliament in England, and many questions came up. One of the important questions

that came up away back in the eighties was the right of an American to own a ship under the British flag. Their custom, until a recent law was passed prohibiting an American under any circumstances from owning a share of stock in the Cunard Co., had been to allow a vessel freedom of ownership. If I remember rightly, a bill was introduced by Thomas Wilson, of Hull, encouraged by Lord Furness, to prohibit the ownership of ships under the British flag by any other nationality than English, but fortunately we were able to prevent the passage of this measure. The only condition, then, of the ownership of a vessel under the British flag it was necessary to have what is known as a ship's husband, a resident of England and under the jurisdiction of their laws. He is compelled to register a record of his ownership at what is known as Somerset House, somewhat similar to our customhouse. The English Government, recognizing the advantage of the class of ships we were building, of service to them, were willing to grant us what is known as an admiralty subvention, provided we would give certain strengthening to the ships in construction so as to enable them to carry guns, if necessary, and also maintaining certain between-deck spaces to enable them to use them as transports in the carrying of troops, and especially cavalry, with certain between-deck spaces that could be used for the carriage of horses.

In addition to this the best assistance given was in their system of a training of a naval reserve and the giving to officers and men on our ships a right to join the naval reserve of England, with certain fixed allowances per month. Embodied in this bill is a somewhat similar provision to that of England, which is most valuable and will result in training many of the young men now seeking employment in our overcrowded cities as a naval reserve, giving them wonderful opportunities for development in all the science of navigation, electricity, and efficient engineers, and everything connected with the present operation of a modern steamship, besides giving them a broad view of life by the opportunities of seeing the world; and also give to our country a navy reserve in time of need, a large body of trained men in constant employment that will be loyal Americans in case of need for our Navy. I regard this as one of the most valuable features of the present bill.

Now this country to-day practically has no merchant marine—little or none. We won't go into that. I could tell you gentlemen all about it, but it would tire you; it has been my study for 40 years. We have no merchant marine. If we make a beginning of some kind, which I have tried to impress upon each session of Congress, it seems to me that it might develop into the most important interest of our country, not only in the development of commerce, in which there have come to us the greatest opportunities of any nation in the world, but also providing an auxiliary for our Navy. Gentlemen, other countries are waiting for us. I could bring you up case after case, and one particularly in regard to the Argentine Republic to-day. The English people, prior to this war were preparing to come to the United States, and actually had gotten a refusal on 500,000 acres of coal land in the Virginia and West Virginia coal fields, and it was all tied up with options of the property, and they had planned to build the ships and had made their arrangements with the Argentine

Government to furnish their coal supply, because the United States to-day in their coal development can furnish coal to Argentina at less than England will ever be able to do again, brought about purely by natural conditions, in the difference in the depths of their pits and cost of mining. All the ships were designed, and even the plans of all the ships and the cost of operations worked out by one of the largest firms in England, Sir Whitworth Armstrong Co., and the Cambria Coal Combine, which controls nearly all the coal sent to Argentina. Now, I can go into all the details, but it would take too much time.

Conditions exist to-day that we could deliver, and make a very handsome profit, to the Argentine Republic their entire coal supply and save to the industries of that country over \$5,000,000 a year, and we are perfectly powerless to do it. From a talk with Ambassador Maon, I am sure they would cooperate with us. And only to-day, coming down on the train from Baltimore, I read in the New York Times an article from London, by special cable, entitled, "Fears coal competition." Shall I read it to you, it is short?

The CHAIRMAN. Read it into the record.

Mr. BAKER. It is just the exact condition which I remember existed many years ago. At a very interesting dinner given to me by Mr. Knowles, the editor of the Nineteenth Century, Lord Lansdowne was present. He said, "Mr. Baker, your country has the greatest future before it of any nation in the world, in the question of coal alone, to supply the sources of power." In addition to this we have control of a large per cent of the total oil and water power. Of course, all of our electrical development of power to-day is more or less local, but very valuable.

Mr. EDMONDS. How many tons of coal does Argentina use?

Mr. BAKER. If I remember rightly, it was about 5,000,000 tons a year, almost entirely from England. I will just read this article—first, Lord Lansdowne stated further, at that dinner—I remember it very well—"that every day they must remember coal was costing them a little bit more and every day in the United States coal is costing to produce a little bit less; that they were going deeper and deeper with their pits, and this will undoubtedly bring about new economic conditions which will place your country in advance of every nation in the world."

EARS COAL COMPETITION—COSTS LESS TO MINE HERE THAN IN BRITAIN, LORD RHONDDA SAYS.

[Special cable to The New York Times.]

LONDON, Tuesday, February 29.

Lord Rhondda, who is better known in the United States as D. H. Thomas, the Welsh coal king, made some notable references to the subject of American coal competition in the course of a speech in London this afternoon. He said that when the Allies had secured victory, as most assuredly they would, it would be the competition of the United States, and not of Germany, which would be likely to prove most keen.

Indeed, they had much more to learn from Americans than from Germany, and bearing in mind that coal was the chief source of manufacturing power in the United States, just as it was here, he viewed with some anxiety the greatly improved position occupied by America to-day in this respect relatively to our

RD.

A generation ago the cost of coal production in the United States was higher than here, but to-day the position was completely reversed. The cost of producing a ton of run-of-the-mine Pocahontas coal, as used by the American Navy, a coal very similar in chemical analysis to our Welsh Admiralty coal, and putting it into the car at the mine, was less than one-third of the cost to-day of producing a ton of unscreened Welsh coal of Admiralty quality.

The English Admiralty have a very high standard for their coal, you know, and it is carefully analyzed.

The output per man in the bituminous coal fields of America was considerably more than three times the output per man in Wales.

And the American miner will mine twice as much coal, and they always put them on a ton basis, as your man in Wales, on account of the difficulty in mining there and the depth of the pits. They always call them "pits"; they never call them mines.

This was due mainly to easier mining conditions, but there could be no question that the men worked with more energy in most industries in the United States and Canada than they did in this country.

The reason why—and it is only one out of a great many examples I could bring up—I brought up this question is to go into the consideration of this particular bill No. 10500, and I regard the most important suggestion or recommendation in that bill the appointment of a commission.

The CHAIRMAN. The shipping board.

Mr. BAKER. The appointment of a shipping board. You speak of commissioners there, I think, Judge. With regard to this, this is the real keynote of the whole question. All depends upon this. And, after all, gentlemen, you always must trust somebody; we have to put large interests in the hands of able, broad-minded men. Everything, even the Government of the United States, could not be carried on to-day if there was not that confidence put in you gentlemen in the Senate and the House. You are making a study of it, and you are sending and getting wherever you can the men who are best informed and the least likely to be biased, as well as those who have direct personal interests, and are asking them to help you. There are lots of men in the United States who would be only too glad to help you to the best of their ability. But it is difficult, very difficult, to get men who have practical knowledge of over-sea transportation who are not either directly or indirectly interested in some particular line. When I say that I mean we only have in the North Atlantic here engaged in competitive over-seas traffic, four ships that I know of—the American Line ships. They are old and obsolete. Our company would never own a ship after it was 20 years old. In one day I sold 7 vessels to what is known as the Italian boneyard, simply to be broken up and used as iron in Italy, because Italy produces no iron, just on account of their age. The improvement in construction and economical methods adapted to navigation and the economical working of a ship change so rapidly that after 20 years a ship is obsolete as a money earner.

Now, those four American ships are represented by what I consider one of the finest young men in the United States—Mr. P. A. S. Franklin, who came to my office when a boy, I think, of 17—and was with me for many years, and to-day he has made a wonderful success under most trying circumstances in the management of the International Mercantile Marine. More than 80 per cent of their tonnage is under the British

lag, and it has a British president. Our own American company to-day, due to the conditions before the war, unfortunately is in the hands of a receiver, but it is still a very valuable property, and since the war has developed tremendous earnings. Now, he is an American, a loyal American, and one of the finest men I know of, and could give you better advice than anybody else I know of, but his interests must be with England. And there is the difficulty of getting men of that kind who have the practical knowledge in the United States who are not connected with these foreign interests. And while they will give you an answer to all the questions you ask, and the best advice of which they are capable, it is human nature to look out for one's self. And you can not blame any man for doing that; it is simply human nature.

What I fear more in the bill, while I am on that question of the commissioners or the board, is how you are going to get men of that breadth of view and experience to handle a question of this kind. You found them, gentlemen, in your wonderful work on the Federal Reserve Board. I can remember very well, I was president of the Baltimore Trust Co. at that time, when we had a meeting of the bankers' association (I think it was in Boston), where every suggestion contained in the present Federal reserve act was, I think, almost unanimously condemned. In another convention, held some time after the passage of that bill in St. Louis, nearly every provision in that act was approved. Now, if you can only get the men, it is one of the greatest difficulties you are going to have. You have provided here for the President to select. They are subject to confirmation by the Senate, which surrounds it with every possible safeguard, I think, which could suggest itself. I do not know of any other. But there is going to be the very greatest difficulty. I believe there are patriotic, loyal Americans, like Mr. Paul Warburg, who gave up a most important interest to go on the Federal Reserve Board, and many of the others. You want men, each one of them to go on a commission of this kind, not for any particular individual interest, but to develop the best interests of the country in the development of commerce and in the building of what we certainly ought to have, a merchant marine.

The next question—I am only going to touch on it—has been the question of Government operation. Gentlemen, just make up your minds that there is not going to be any Government operation if those three commissioners manage it right. As far as I am concerned, I would be just as well satisfied if you would leave that out of the bill. But I am going to call your attention to one case which has come to me where it might be very desirable and the Government might do more to start a steamship service than could possibly any private individual interest. When this very question of the Argentina coal supply was brought up there was in England a combination known as the Cambria Coal Combine—and I have somewhere among my papers the names of the men constituting the combine. For years they have controlled all the coal business of the Argentine. They were the men who came over here and found this condition existing, where it was not a theory but a fact that you can load coal at the Virginia Capes or in Baltimore, Md., and deliver it down in Argentina and bring your ships back in ballast at much less than the cost from England. Our difficulty in the Argentine has

been a return cargo; England has had a return cargo. The Argentine is supplying the same class of merchandise to England which we are sending from the United States. Consequently we operate with a steamship company only a one-legged trade. They figured it very carefully that they could bring those ships back in ballast. But the most important part of it, it was provided that those ships were to be built and facilities provided at each end for the rapid discharging and loading, or loading and unloading. We have all the facilities for loading at the rate of 5,000 tons a day, and even more, and they were to provide the facilities for unloading in the Argentines where the entire success of the matter at that time would depend upon the Argentine Government giving them the control of dock facilities and to provide new additional facilities. And it went so far that in the Argentine Legislature a bill was introduced providing for an appropriation, as I remember it, of a large bond issue to provide those facilities. These ships were to be 15,000 tons each; they were to unload 5,000 tons a day. That means they must keep on the docks in Argentine at least 150,000 tons of coal.

Mr. LOUD. They can unload that on the Lakes in less than one day?

Mr. BAKER. I know they can, and that is all fine; but on the Lakes they put it right in the cars. But in addition to that you have to have facilities to store this coal and to make distribution of it all over the Argentine.

Mr. LOUD. And it is the same way with the ore.

Mr. BAKER. Yes; but the coal does not move so rapidly.

Mr. LOUD. I beg your pardon; but they unloaded one cargo of 9,000 tons in four hours.

Mr. BAKER. Then I have been very moderate in my suggestion of 5,000 tons a day. That meant the expenditure of a large amount of money and providing facilities. And I had one very interesting talk with the ambassador, and he said they were very anxious to do it because it would save the industries there all over the Republic, and it would pay them to do it, only the United States could make such an arrangement by the Department of State.

Mr. EDMONDS. Your tonnage is very large for Argentina. I think their tonnage is about 2,500,000 tons.

Mr. BAKER. 5,000,000.

Mr. EDMONDS. Their entire purchases during 1914 from all over the world were only 3,421,526 tons. I have the figures here, and in 1915, it was 2,071,162 tons for nine months.

Mr. BAKER. In all—railways and all?

Mr. EDMONDS. Yes. Therefore they would be unable to save \$5,000,000, because the entire purchases in 1913 were only \$25,000,000.

Mr. BAKER. My recollection is the ambassador told me that.

Mr. EDMONDS. Yes.

Mr. BAKER. I have not confirmed those figures, and they are subject to correction. However, suppose they only use 3,000,000.

Mr. EDMONDS. It is a very big tonnage anyway, and we would be very glad to sell it to them.

Mr. BAKER. Yes.

Mr. ROWE. All of South America has to have coal, does it not?

Mr. BAKER. Nearly all. As I understand, the only coal in South America is some in the extreme northwestern section of the Argentine, and some in Peru, which is inaccessible by rail now, and

some in Columbia. An effort was made there at one time to develop them, and I have some papers about that.

Mr. EDMONDS. It is not very good.

Mr. BAKER. No; it is very poor quality. But this 3,000,000 tons is ten times as much coal as we can move to-day. The ships designed for this were of a class particularly desirable as naval auxiliaries, and arrangements could be made for coaling our ships at sea, which I have taken up with the Navy, and they say it is most desirable. And I believe to-day the Argentine Government would make this expenditure provided they had the assurance of getting for all time a regular permanent supply; otherwise they would not be willing to do it. They depend now on England, and most of their interests there are financed by England. And one of the companies looked into, either the Northwestern Railway or the Western, was controlled by Scotch engineers.

There, I believe, would be an opportunity for our Government, possibly, to bring about such arrangements that would be totally impracticable for any private capital, and the Argentine Government would make arrangements for the proper facilities, because it would be to their interest and would certainly be to our interests. Undoubtedly, England and the English people realize they are not in a position to control the future business. I understood, in the arrangement in financing these railways, they gave the preference for coal to English interests, at the same price; but we could deliver there, even bringing the ships back in ballast, with a one-legged trade, cheaper than they could to-day.

Now, as to our navigation laws, so much has been said, and so much has been written—

Mr. CURRY. Are you getting off of that subject now?

Mr. BAKER. Unless you wish to ask me some questions.

Mr. CURRY. You were talking about taking coal from the United States and coming back in ballast?

Mr. BAKER. Yes.

Mr. CURRY. Why should that be necessary? Why not take coal to Argentine and load at Argentine for Europe, and then take a load from Europe back to the United States?

Mr. BAKER. It could be done, undoubtedly, but I am taking it under the worst conditions possible—of no cargo existing at those ports which would be desirable.

Mr. CURRY. There would be a grain cargo to Europe?

Mr. BAKER. Yes; to Europe.

Mr. HARDY. That was the very question I wanted to ask—whether they could not make a triangle, going from here to the Argentine with coal, and from the Argentine to Europe with some other commodity, and back from Europe to the United States with imports from Europe, making that triangle?

Mr. BAKER. They could.

Mr. EDMONDS. These boats could not be fitted as refrigerator boats, so as to bring meats here, could they?

Mr. BAKER. They could. There is a great deal of meat carried from Australia to England in boats of the same speed.

Mr. EDMONDS. Could the coal boats be fixed so as to carry meat?

Mr. BAKER. Yes. We have had coal boats fitted; but you could not carry a full cargo; you could not have anything more than a

comparatively small refrigerator space. But when you take out of a ship of 15,000 tons and put 500 or even 1,000 tons of refrigerated space in it, it would not reduce very much your cargo-carrying capacity.

Mr. EDMONDS. You could not use that refrigerated part for coal; you would have to keep that separate?

Mr. BAKER. No; you could not use the refrigerated part for coal. And, generally, for refrigerated beef it pays, on account of the high value of the product, to carry it in a faster ship than in a 12-knot ship.

Mr. EDMONDS. The misfortune of that triangular trip Mr. Hardy was speaking of is this: That we carry coal to the Argentine and carry grain from the Argentine to Europe. That would be all right, so far. But coming from Europe to this country we would have to carry manufactured products. That is just exactly what we are trying to get away from. We are trying to send manufactured products out and not to bring them in.

Mr. HARDY. Unless we are going to import something into this country we will have a one-legged trade always.

Mr. BAKER. A one-legged trade can never be made profitable, Mr. Edmonds. You have got to give other countries a fair exchange if you expect them to continue to buy from you. If you do not you will soon exhaust their resources.

Mr. EDMONDS. We have practically a one-legged trade with Brazil to-day.

Mr. BAKER. Yes; I am coming to that.

Mr. EDMONDS. Because the English boats carry them the manufactured goods and bring coffee and rubber up here and then take cargo from here over to England, so that it is a one-legged trade to the United States.

Mr. BAKER. Yes; but a profitable trade to the steamships.

Mr. EDMONDS. Yes, a profitable trade for the steamships.

Mr. CURRY. Are these boats you have in mind one-deck boats, single-deck boats?

Mr. BAKER. Single-deck boats.

Mr. CURRY. Would a boat of that kind be useful in trade from England to the United States to bring manufactured goods?

Mr. BAKER. Not very much. You could carry so much in those ships, such large amounts of cargo, that you would never get them full.

Mr. HADLEY. What would be the gross tonnage?

Mr. BAKER. The gross tonnage would be about 12,000 tons, carrying about 15,000.

Mr. LOUD. Why do you depart from the ordinary accepted type of the auxiliary collier of the Navy, carrying 12,500 tons and a 14-knot speed?

Mr. BAKER. Only at a less speed and greater carrying capacity.

Mr. LOUD. Why do you depart?

Mr. BAKER. Why do I depart? Because it was all worked out on those conditions at that time for English interests.

Mr. LOUD. You desire auxiliaries to coal the steamships?

Mr. BAKER. I agree with you it ought to be done, and it would be done under the terms of this bill.

Mr. ROWE. Can they be operated quite as economically?

Mr. BAKER. No.

Mr. ROWE. The higher the speed the greater the cost?

Mr. BAKER. Very much greater, and the ratio is very great.

Mr. LOUD. The important question to my mind in loading and unloading with the same type of boat is that you can provide the facilities for loading and unloading with the same type of boat very much better than different types coming to the dock.

Mr. BAKER. Undoubtedly. And there you are coming to the question that it would only pay the United States to do a thing of that kind. The commercial line, going into it simply as a question of profit, would want the most economical boat practicable in per-ton carrying capacity that it could get in propulsion, and it would not go above 12 knots to-day. Although possibly there might be a great saving in oil engines in ships. The internal combustion engine is yet more or less an experiment.

Mr. HARDY. Mr. Baker, notwithstanding my friend Edmond's suggestion that we do not want to import anything from Europe, as a matter of fact I want to know if those ships would be capable of carrying such things as we do import now in foreign bottoms from Europe?

Mr. BAKER. Yes. The lower class of commodities; we would get a good deal of them. Merchandise of high value, probably, would be very difficult to get, except at a reduced rate, as against the regular lines. However, Judge Hardy, if you will allow me to go on—

Mr. EDMONDS. Will you say what lower class commodities come from Europe.

Mr. BAKER. Just at present they are being—

Mr. EDMONDS. I mean in ordinary times.

Mr. BAKER. Take cement and glassware. We are producing most of our cement now. A very large article of export was china and glassware and things of that kind.

Mr. HARDY. Pottery?

Mr. BAKER. Yes, pottery.

Mr. EDMONDS. We have very little bulk freight now?

Mr. BAKER. Comparatively little.

Mr. EDMONDS. I mean in normal times.

Mr. BAKER. Yes. What are going to be the conditions, Mr. Edmonds, after this war is over—I think it is a very unwise man who could predict. I would not like to predict what will happen tomorrow.

Mr. CURRY. High class goods could not be imported in that class of ship to any extent?

Mr. BAKER. A little.

Mr. CURRY. But not very well?

Mr. BAKER. No. You could provide a ship of that kind with a certain number of bulkheads and strengthen in between the decks, but it would make a little more cost for operating. But that is practical only on small colliers or full cargo grain boats coming the other way. I do not think you could count very much on what you could get from England.

Mr. CURRY. Could a single deck ship be used as a transport?

Mr. BAKER. Not at all; only as a supply ship.

Mr. CURRY. Only as a supply ship?

Mr. BAKER. Yes. You want a different class of ship for a transport.

Mr. CURRY. They could not be turned into naval auxiliaries except for carrying coal and oil?

Mr. BAKER. Yes. That is what we want to build very badly.

Mr. CURRY. We do not need them now, but we will if we increase the Navy.

Mr. BAKER. I do not know. However, as I say, it is a very unwise man who would predict what will happen to-morrow.

Mr. CURRY. That is what we have to try to figure out and we want you to help us.

Mr. BAKER. I will help you all I can and give you the best knowledge I have, from the result of long experience and great study; and I want to assure you gentlemen I have no personal interest to serve.

Mr. CURRY. You have the same interest we have—the welfare of the American people.

Mr. BAKER. That is all, Mr. Curry; I can assure you of that.

Another thing in regard to Brazil. I will just touch on it casually for a moment. I think Mr. Porch was here from New Orleans a few years ago, as some of you gentlemen will remember, and told us how they got the State of Louisiana to pass a bill in the legislature exempting from taxation every steamship they owned or controlled, running from any point in Louisiana to any foreign port. It was then found necessary to have a change in the constitution of Louisiana by a vote of the people. At the next general election they had this changed so as to establish their line. They then established a steamship company. They naturally expected a large amount of coffee from Brazil, as they wanted to direct the business through the Mississippi Valley to interior points. There was every natural reason why it could be done, and done more reasonably and more economically than by bringing the coffee to our east coast ports. The result of it was, after loading the ships that they had chartered with full cargoes from New Orleans to Brazil, they found it was impossible under any circumstances to get a pound of coffee for return freight.

They raised two or three hundred thousand dollars in New Orleans and chartered two or three boats and started out the first ship very successfully, with a tremendous cargo and a tremendous celebration in New Orleans when they left there. They got down to Rio, and they kept cabling, but they found under no circumstances could they get a pound of coffee; it did not make any difference what rate they made. And there, again, is where our Government, through the State Department, ought to be brought into the question of establishing a commercial service to their ports. The question of the transportation of that coffee is entirely in the control of the Brazilian Government, and, as I understand, they have even issued bonds against the value of this coffee in storage.

Mr. LOUD. Against the shipping combine?

Mr. BAKER. Yes.

The CHAIRMAN. Right at that point, those people were before this committee when we investigated the so-called shipping trust?

Mr. BAKER. Yes.

The CHAIRMAN. The company to which you allude, I think, was the Mississippi Valley & Southwestern Co.

Mr. BAKER. That is the company.

The CHAIRMAN. They could not get any cargoes back, for the reason that all the merchants and dealers in coffee in South America, as well as in this country, were tied up by what we call a deferred-rebate system.

Mr. BAKER. Yes.

The CHAIRMAN. And they could not assure those people that they could maintain a regular service.

Mr. BAKER. Yes.

The CHAIRMAN. They might bring one cargo back at a reduced rate, but they could not assure them that they could bring another.

Mr. BAKER. Yes.

The CHAIRMAN. And without that assurance they could not afford to give up their deferred rebates, in many instances already earned, provided they would continue to patronize the foreign lines.

Mr. BAKER. Yes.

The CHAIRMAN. With the Lamport & Holt and other lines of ships.

Mr. BAKER. Yes.

The CHAIRMAN. And for that reason they had no return cargoes and their whole scheme went to pieces.

Mr. BAKER. Yes. What I was saying, Judge Alexander, was that possibly by the proper negotiations made between our State Department and the Government of Brazil, under whom the control of all this coffee comes in their valorization scheme, by the issue of bonds it could be arranged.

The CHAIRMAN. I think the committee will be united on that, and think we could provide in this bill that this deferred rebate system shall be broken up absolutely.

Mr. BAKER. You have the authority in your bill which will enable you to do it.

The CHAIRMAN. I think we have, but if we have not we will put it there.

Mr. BAKER. Undoubtedly you have.

Mr. CURRY. How can we interfere with the Brazilian Government's valorization scheme on coffee?

Mr. BAKER. You could not do that, and I would not suggest it.

The CHAIRMAN. You could not; but that is simply to maintain a certain level of price of the commodity itself; it has no reference to the freight rates.

Mr. CURRY. No; it has not.

The CHAIRMAN. For instance, when these various ships, like this very ship which went out with this cargo under such auspicious circumstances and proposed to bring coffee back at 25 cents a sack, as against 40 and 45 cents paid to these foreign lines, the exporter or importer said, "We would be quite willing to patronize you and have you our coffee if you will agree to do this during a term of years or through some definite period of time, but we can not afford to accept your tender of service at 25 cents a sack for one voyage and then have to go back to the old rate, or possibly a higher rate, and at the same time forfeit our rebates already partly earned."

Mr. CURRY. Judge, under the valorization scheme of Brazil are not certain firms given the preference, so far as purchase is concerned, from Brazil?

The CHAIRMAN. No; I think not. Now, Mr. Slechta, of New York, who is the American manager of the Lloyd-Braziliero, which is the Brazilian Government line, will be here, and it will be interesting to inquire of him about that question.

Mr. CURRY. I would not speak about it only Mr. Baker referred to it. It is a very interesting situation there in Brazil, and is understood to have an indirect influence on shipping from that country.

The CHAIRMAN. He will be here Thursday morning, and it will be interesting to inquire of him about it.

Mr. BAKER. It has a very prohibitive influence, and could only be arranged, in my study of the subject, by some negotiation with the Government. However, that is not an important thing.

The next question in the bill which I want to allude to, and for which I would like to offer an amendment: I would enlarge the powers of the board of three commissioners, with the Secretary of the Navy and the Secretary of Commerce, by giving them the right not only of recommendation, but after careful study and consideration as to what changes are necessary—we won't say in the laws, but we will say in the rules governing the carrying out of the laws regulating navigation—and then make the changes necessary. And I will only cite one case (and I am very sorry, because I have not the papers in the case, my last talk with Judge Alexander, I thought probably I would come on later this week; but I sent to Boston for information to show you just one case) where the rules here work a very great hardship, and I know you all, as reasonable men, will recognize immediately the injustice of it. There is a small company in Boston, organized, I think, under the title of the Boston Gravel & Sand Co. They are running from Boston up to Scituate and have been for a great many years. You probably know about it. They are running a very small steamer, a type of barge such as outlined by Secretary Redfield the other day. Their total steaming time is about four and a half hours. There have been new rules and regulations of the coastwise navigation laws which compel them to take a certain number of men in proportion to the size of their boats. Now, under the ruling brought about by the La Follette bill, they are compelled, on account of going half a mile from shore, the only point where they are close to shore, to employ three men on that little boat to do four and a half hours' work in one trip.

Mr. LOUD. They have the same trouble on the Great Lakes to a very much larger extent.

Mr. EDMONDS. They are extra men, you mean?

Mr. BAKER. Two extra men. They have one. Now, that is a very great hardship.

Mr. CURRY. Do you think it is due to the law, Mr. Baker, or to the interpretation of the law?

Mr. BAKER. To both the interpretation of the law and the law. But they passed on the interpretation of the law—two of the departments. I saw Gen. Uhler and First Assistant Secretary Sweet, and asked those gentlemen—the Boston men came to see me and asked me if I wouldn't come with them—and also Mr. Chamberlain, and

they thought it was very unjust and very unreasonable. And I understand that every time they make a trip they are fined now \$500 by the local inspector there, and promptly remitted by Secretary Redfield. And, as they said the other day, "Suppose we go on and there should be a decision that we are violating the law, will all these fines remitted be piled up against us; if they are, it will wipe out four or five times our capital." Unfortunately that would be the case.

There are a great many questions of that kind, which it is not worth while to take up your time going into them. But a board of commissioners such as you have outlined here could regulate all of those things. The proper way would be to give the power to the President temporarily to suspend any provisions of the law of that kind on the recommendation of this board until Congress should meet and act upon it, just as we did in the ship-registry bill. And it has worked out very well.

Secretary McAdoo was asked the question the other day why it was that the ship-registry bill and the marine-insurance act passed so promptly. Gentlemen, it was because you trusted a few practical business men and did exactly what they advised you to do. I was not the chairman of that committee, but I was on the committee. Mr. Farrell, as I remember, was chairman, Mr. Franklin, Capt. Dollar, and Mr. Kirlin, possibly—I know he was on the insurance committee—they all went away and left Capt. Dollar and myself here, and we had to bring up and carry the whole thing through, and we met with a most keen interest and assistance from Congress and every department of the Government. It was an emergency condition. And look at the results; it has been splendid. And the same thing can be carried out by a commission of this kind.

Mr. CURRY. Why should they ever come to Congress? Why should not that commission and the President be given the right and power to either suspend or amend those rules?

Mr. BAKER. It is just the same, Mr. Curry, because Congress could change them afterwards. The next session of Congress could annul any authority. The President in that particular case, entirely at his discretion as I remember, was given the right to suspend the law for such length of time as he thought wise. I only suggest until Congress meets so as to give them a right to compel this board of commissioners to come before you and put their reasons for doing it and show the justice of it if they can.

Mr. LOUD. You know that this committee on the Great Lakes is seeking to have boats whose time is less than 24 hours exempted from the provisions of the three-watch law.

Mr. BAKER. Yes.

Mr. LOUD. On the Great Lakes we have lines where they have to run out only seven hours, and yet it is a hardship to put three crews on for that short distance.

Mr. BAKER. But might I ask why the valuable time of you Congressmen and Senators should be taken up with these little individual questions when you can grant the authority to a board that you can trust?

Mr. LOUD. That is what we hope to do.

Mr. BAKER. Then there is another suggestion I would like to add here, and that is this, that those with whom I have discussed the bill so far say that the provision is there now, but I would like to

see it made stronger in a way and demand that this board immediately recommend such changes in our mail-contract act of March 3, 1891, as they find necessary to establish important mail routes, and submit such recommendations to the next session of Congress. It will take them all of that time to do it. But I should like this very much; I would feel the bill was stronger.

With regard to Government operation, I will tell you gentlemen just as sure as can be if you get an efficient and intelligent board of commissioners you will never operate a vessel. And my reasons I will give you in a few moments. In the first place you would be assisting any proposed steamship owner to whatever extent it might be considered wise and prudent by the board in the use of capital on the basis of an interest rate—we will say 4 per cent—which would allow all the interest that the Government would have to pay on such an issue and 1 per cent toward expenses, so that I do not believe that the \$50,000,000 would ever cost the Government a penny.

In addition to that, of course, you would provide for proper depreciation and insurance. Any steamship owner would have the advantage of your assistance in this bill, and I have had a lot of experience with bankers in getting money. And under no circumstances could I get a large amount of capital, whether I did it on a bond issue of 4½ or 5 per cent, such as the International Mercantile Marine bonds, without a certain discount and a certain percentage of stock, that would cost not less than 10 per cent.

Mr. ROWE. You do not mean 10 per cent per annum?

Mr. BAKER. Ten per cent per annum; yes, sir.

Mr. EDMONDS. Do you mean for interest alone?

Mr. BAKER. Oh, no.

Mr. LOUD. Interest and insurance?

Mr. BAKER. Oh, no; I am just talking about where you got capital. If you could not go to the Government to assist you, which you would be doing in this case, but if you had to go to a banker, to take up a new steamship enterprise, it would cost you, with your expenses, not less than 10 per cent.

Mr. LOUD. Why should they charge you more than a rate of interest of 3 per cent, which they have to pay on the bonds, if you give the Government back the auxiliaries for the use of the Navy and Army?

Mr. BAKER. I am putting it a little bit higher. I think it ought to be 3 per cent.

Mr. LOUD. Why would you charge more than what is carried by the bonds?

Mr. BAKER. Simply because I want to show you the advantage he can figure on over what his conditions would be with the bankers.

Mr. LOUD. If you give the Government the auxiliary, always subject to call, and stipulate that the ships will never leave American registry?

Mr. BAKER. Yes.

Mr. LOUD. And you give the Government insurance and the full value of the ship as security?

Mr. BAKER. Yes.

Mr. LOUD. And the Government has a mortgage lien upon the ship, so that the Government is secured, why is it not a good thing for the Government and a good thing for you?

Mr. BAKER. I say it is. I am trying to show you it is a great advantage to the man, and where you help him to the extent, in my opinion, of at least 6 per cent advantage.

Mr. LOUD. That is a mutual way of building up a merchant marine.

Mr. BAKER. Yes. I have been to the bankers to raise \$5,000,000 at one time [Morgan & Co.], and it cost me, when I took out my expenses and bonus to them and lawyers fees, and so on, 10 per cent.

Mr. HARDY. I wish you would elaborate on that a little. I want to see how you get that 10 per cent?

Mr. BAKER. I will show you. In the first place, take an organization like the International Mercantile Marine, where there are certain bonuses. You have got to earn interest on it.

Mr. EDMONDS. Don't take that; take your \$5,000,000 you borrowed from Morgan & Co., and paid 10 per cent.

Mr. BAKER. The \$5,000,000 we arranged with Morgan & Co. That particular transaction was afterwards changed; the time was shortened, so it probably cost me a little more per annum than it would if it had continued the whole length of time. I was building at that time the first of the Minnies—the *Minneapolis*, the *Minnesota*, *Minnehaha*, and those boats.

Mr. ROWE. Of the Atlantic Transport Co.

Mr. BAKER. Yes; I owned that and always did.

Mr. ROWE. Have you any interest in it now?

Mr. BAKER. No.

Mr. ROWE. They have turned out to be fine, haven't they, for the English Government?

Mr. BAKER. Very. And those were all under the English flag. We went to them from time to time and got money and we proposed at that time—I think I have the original prospectus somewhere—to issue a debenture stock of 5 per cent. Morgan & Co. were to get that stock at 80, and we were to give them a percentage of common stock, which afterwards turned out to be worth \$300 a share—and if you took it on that basis it would be 20 per cent per annum; but, however, we will take it on this basis of \$100 a share—and we were to give them 10 per cent in preferred stock and 10 per cent in common stock, which they were going to use with their underwriters. The whole thing was underwritten—I am just speaking now from memory and it was quite a long time ago—on the basis of about 5 per cent; and we were borrowing that money, or rather arranging for this indebtedness for a period of 10 years. It would have cost us about 12 per cent per annum if we had carried it for the 10 years. But fortunately or unfortunately, we concluded it in less time, and my recollection of the calculation is that it amounted to fully 20 per cent on the investment.

Mr. EDMONDS. Was not that the customary way they underwrote any kind of an enterprise brought them at that time?

Mr. BAKER. Oh, yes.

Mr. EDMONDS. Not merely on ships?

Mr. BAKER. No.

Mr. EDMONDS. But on any kind of an enterprise?

Mr. BAKER. Yes; just as they are doing to-day, Mr. Edmonds.

Mr. ROWE. Only not quite so big a profit is made in late years?

Mr. BAKER. No; the amount of profit has been reduced.

Mr. HARDY. Mr. Baker, I want to say that I asked that question because I wanted it to be made very clear. It is one of those cloudy things I want to get clear in my mind; and I hope when your testimony is submitted to you you will take occasion to clarify it—how this thing cost you 10, 12, or 20 per cent.

Mr. BAKER. I will do the best I can. I am all alone and entirely out of business, but I will do the best I can.

Mr. EDMONDS. Could you to-day underwrite a shipping enterprise in any of those banks without giving all of the bonuses that you did?

Mr. BAKER. You would not have to give as much bonus as we did then. I think it could be done. It depends very much on who does it and what class of trade you have or what, in a general way, you in Congress are going to do now to assist or interfere with it has more to do with the question of the investment of capital than anything else.

Mr. LOUD. May I ask you one question?

Mr. BAKER. Certainly.

Mr. LOUD. How would you regard a 25 per cent construction option to be given for ships built in American yards on plans suitable for auxiliaries for the Navy or Army, subject to call by the Government in case of need?

Mr. BAKER. You mean the Government would furnish 25 per cent of the cost?

Mr. LOUD. Exactly; and in case of taking them over it would take them over at the other 75 per cent, the remaining part of the option, with proper depreciation.

Mr. BAKER. If you pass such a bill as that I think a great deal could be done.

Mr. LOUD. There is not anything in that bill but that one feature of 25 per cent.

Mr. BAKER. You are providing here for a commission and if you give to such an intelligent board the right to regulate by rules and regulations and the temporary suspension of any law necessary to the decision of the President, I believe you could do it without any objection and accomplish more for the upbuilding of our merchant marine than in anything you do.

Mr. LOUD. I want to get an answer to my question, if I can, of how you would regard that 25 per cent construction option?

Mr. BAKER. Very favorably, if this bill is passed. But to-day I would not regard it under any circumstances if you leave the laws just as they are now, without any change and no opportunity of developing what can be done—you could not induce me to put a dollar into shipping. But if you give us such legislation as is proposed in this bill, perhaps with some changes which you gentlemen may consider wise and proper and with the best advice you can get as to what is desirable, you will find I am ready to acquiesce in them. The only thing you want to do is to do something, really, gentlemen. Do something; make a beginning and correct any errors at the next session of Congress.

Mr. LOUD. The worst mistake we can make is to do nothing!

Mr. BAKER. The worst mistake you can make is to do nothing; the very worst mistake. It is the worst mistake that has been made in the past; you would have had a splendid merchant marine to-day, -

applying millions of dollars to the country, if you had only done something. Going away back to the Hanna-Frye bill—that was a very unjust bill in some ways—I was very much interested in trying to get it passed, but it was what I would term pure and simple class legislation. But now we are all wiser, I hope, and we have learned more with time and experience, and it certainly seems to me if you do not make a beginning now you never will get the same opportunity again. And if you have any views, try and each one give up something and harmonize your views and you will do a great thing for this country. I wish Mr. Greene were here to hear me say that.

Mr. EDMONDS. Do you approve of taking Hawaii and Porto Rico out of the coastwise traffic? You are a shipping man and you have been in the business; think about that and tell us what you would suggest.

Mr. BAKER. That is what I am doing, thinking about it. Mr. Dearborne has done a wonderful business and built up a wonderful business there and he deserves every encouragement. He treats it in a liberal way. I have heard there was a lawyer came here from New York to represent some dissatisfied sugar planters in Hawaii at one time and wanted to get additional service, but they have treated that business in a broad, liberal spirit, and I think would meet you in that way. I would not touch that question at the present time. If this board comes to you and can show a good reason why, after careful study and intelligent study of that question, and recommends that you should do it, then I would do it.

Mr. EDMONDS. In other words, you would not change the laws at the present time until the board saw it was advisable to do it after going over the conditions?

Mr. BAKER. No. It is a subject that ought to be very carefully thought out.

Mr. CURRY. We have a good service between the Sandwich Islands and the coast and between the Philippines and the coast now.

Mr. BAKER. We have not a very good service to the Philippines.

Mr. CURRY. If you opened them to competition with the world, we would not have any.

Mr. BAKER. Yes. The Philippines to-day——

Mr. CURRY. This bill is supposed to be a bill for the development of an American merchant marine.

Mr. BAKER. That is it.

Mr. CURRY. Not of a British or Japanese merchant marine.

Mr. BAKER. You have plenty to do to keep you busy. Let those rest for a while, would be my advice.

Mr. EDMONDS. Would you think that a man who is in the shipping business would want to charter a vessel from this board, subject to all the restrictions that are in the bill, unless he could get it cheaper from the board than anywhere else?

Mr. BAKER. He would get it cheaper from the board than anywhere else, just on the lines you outlined.

Mr. EDMONDS. How would he get it cheaper from the board?

Mr. BAKER. Why, if he is only paying 4 per cent for his money, compared with going to a bank and paying 6, he would get it for 2 per cent less. But he will never be able to get it from a bank for 2 per cent.

Mr. EDMONDS. Would the board be able to charter vessels and then recharter at a less rate? That is what it says in the bill.

Mr. BAKER. That is in an occasional emergency. The board would never charter any vessel; I do not see why they should. It would not be good business policy, because there they would be coming in competition with the man who had his regular established trade.

Mr. EDMONDS. That would be true. Then the man buying a vessel from the board, subject to all the restrictions in this bill under which he would have to buy, would only do it because he could get it at a price probably a couple per cent cheaper than he could if he got it from the shipyard?

Mr. BAKER. Yes; but you must remember that every other Government has similar restrictions. Every one of my ships built in British shipyards and operated under the British flag give the right to the British Government to take them. And it is the same with Japan, France, Germany, and all of the countries.

Mr. EDMONDS. But there are a little different restrictions in the bill here; for instance, a man can not sell the boat without the board lets him sell it and he can not charter it without the board gives its consent.

Mr. BAKER. The same condition exists to-day. When we were trying to pass the ship-purchase bill, it was necessary for our ambassador to go to the British Board of Trade—

Mr. EDMONDS. Is that just true of to-day, or has it been true in the past?

Mr. BAKER. Only of to-day. Because, as I stated here in the very beginning, a bill was introduced in Parliament trying to prevent our ownership. Their policy has only been recently adopted, but I think it will probably be permanent; although, as I say, I think it is a very unwise man who would undertake to prophesy what will happen after the war.

Mr. EDMONDS. But when you were buying ships under the British registry there were no such restrictions, were there?

Mr. BAKER. No; but we always had as ship's husband an Englishman for register at Somerset House. And during the Spanish-American War when those ships were transferred to the American Government—I transferred seven ships in one day—the contract was written on a piece of paper of the Arlington Hotel paper, just a short note sheet, and signed across the face of \$1,000,000, and that is all there was—we transferred those from the British flag to the American flag, and Attorney General Griggs, of New Jersey, said it could not be done—that it could not possibly be done—and I remember a long discussion at that time. But afterwards they informed us if we took the responsibility, owning a controlling interest in the ships, and transferred them to the United States flag, that possibly the gentleman who was acting in my interest, Mr. Alfred S. Williams, in London, might be put in jail if any question arose and Spain objected. However, it went through very peaceably and Spain did not object. But our ships were always under the jurisdiction of the British Government, although absolutely American owned. That is the position they have always occupied and which we should occupy. And I regard this condition in the bill as merely covering such a condition. You can put in some other provision. You can pass a rule for the

customhouse, that they should not be transferred without the consent of the Secretary of the Treasury, and have the customhouse make a note of where our ships are running that are registered now. It is only a protective measure in case of necessity. I do not believe it would ever be exercised, and I do not feel any shipowner would have any fear of it any more than they do in England.

Mr. EDMONDS. In regard to these Government-owned lines, would not you think it would be well to put a restriction in that paragraph that when the line was profitable that the Government should dispose of its interest in the line?

Mr. BAKER. I think the Government would. I do not see any objection to it.

Mr. CURRY. Do you know of any reason why the Government should go into the business through a Government board?

Mr. BAKER. No; except in such cases as I have stated. They might start this Argentina line that I outlined as one of the cases. But there is no reason in the world why some big coal operator should not come in and take advantage of that.

Mr. CURRY. Do you think that provision in the law would deter private capital from investing in a merchant marine?

Mr. BAKER. No.

Mr. CURRY. You do not think it would?

Mr. BAKER. No; I do not.

Mr. CURRY. What made me ask that question was that there was a gentleman before the committee some days ago—I have forgotten his name—who stated that he had organized a company to go into the shipbuilding business—a \$20,000,000 corporation—and he thought he would have no trouble in getting the money. But, he said, that much to his surprise there was not a banker in the United States would let him have the money, fearing the passage of this bill carrying that provision of permitting the Government to go into the merchant-marine business through a Government-owned corporation.

Mr. BAKER. Mr. Curry, I can only answer that within the last few days Mr. Schwab got behind the Maryland Steel Co. and invested \$20,000,000 for the purpose of enlarging that plant for the building of ships.

Mr. EDMONDS. He sees this \$50,000,000 coming.

Mr. CURRY. I think that is a different situation and a different condition. Mr. Schwab is already in the business; he has money and he is developing it. This was a proposition where these men were going into the business and were denied financial backing upon any terms.

Mr. BAKER. I think that is where the new capital in this bill will force more competition in the future. I had a talk with Mr. Wood, of the Maryland Steel Co., and he said they were having great difficulty in getting skilled mechanics and that they could not get them; and it is almost impossible to get the men necessary to work in the American shipyards to-day, with the press of work which they have.

Mr. ROWE. There are plenty of men in the country who are bridge builders, and could not they readily be turned into the work of building steel ships?

Mr. BAKER. Yes; in time, by training.

Mr. ROWE. You know they are not so very busy at this time.

Mr. BAKER. No; they are not very busy just now.

Mr. ROWE. There are not more than half of them working, and it seems to me they are a class of men who work on bridge building who could be readily turned into shipbuilding.

Mr. BAKER. Of course, I am not interested in any shipbuilding plant, and I only judge from what Mr. Wood told me the other night, that their difficulty was in getting men, that they could not get them. And I have no doubt, being men of very great ability and experience, they have ransacked every section of the country for men because they need them so badly.

Mr. LOUD. You stated you believed that we would never operate under this bill and never charter under this bill.

Mr. BAKER. Yes.

Mr. LOUD. It follows, of course, as a logical conclusion, that we would never build or buy under this bill, if we can not charter or operate?

Mr. BAKER. Not necessarily.

Mr. LOUD. In what way?

Mr. BAKER. Why, they would build and buy to provide the Navy with just exactly what the purpose of this bill is.

Mr. LOUD. If they do not propose to charter or operate, what are they going to do with them?

Mr. BAKER. Oh, they would charter them after they build them. He was talking about chartering ships from other people and re-chartering.

Mr. LOUD. I did not understand that.

Mr. CURRY. If this bill were enacted, how long do you think it would be before the Government could have these ships built and equipped and in service?

Mr. BAKER. Gentlemen, I probably may be wrong, but I have worked out after a great deal of thought and care in my mind just what ought to be done under the circumstances, but I do not want to take your time. I would be very glad to outline to you, if you would like to have it, just my idea about this principal of \$50,000,000. But before leaving that I want to speak of something about which there seems to have been a great misunderstanding. I want to quote one circumstance, and that is with regard to the discussions that have been had and brought forward here again and again and constantly repeated on the purchases during the Spanish-American War of ships. My transactions were entirely with the War Department. Every single, solitary ship I sold them in 1898 is still running; it is the basis of your whole Philippine business, nearly, and every one of them ought to have been in the scrap heap, and if I had had them they would have been there. But you can sell them now, to-day, for more than you gave me for them 18 years ago.

Mr. EDMONDS. Let me ask you right on that point: What is the life of a steel ship; what is it considered to be among shipping men?

Mr. BAKER. Not over 20 years.

Mr. EDMONDS. It was testified here the other day they would last 45 years.

Mr. BAKER. That is perfectly absurd.

Mr. EDMONDS. I just wanted to get your idea about that, because I knew you could give us the information.

Mr. BAKER. Yes.

Mr. EDMONDS. Will an iron ship last any longer?

Mr. BAKER. It would not last any longer. It is not the iron in the ship that wears out or the steel in the ship that wears out, but at the end of 20 years they are not fit for anything except to go on the Italian scrap heap to supply them with iron. Because of the improvement in construction and cost of operation which is brought about to-day by modern and improved engines, by the use of oil, and many other things, it would pay to sell a ship for whatever it would bring as junk and get a new one after 20 years, because you would be better off.

Mr. EDMONDS. Twenty years is all you can count on?

Mr. BAKER. Twenty years is all you can count on, and really you ought not to count on over 16.

Mr. CURRY. That is to say, at the end of 20 years they ought to be sold?

Mr. BAKER. Absolutely. I have had people say to me that it was absurd to sell ships that had only been run for 18 or 20 years, and I have said, "Oh, no; I know that every time I carry a ton of freight across the ocean on a ship 20 years old it costs me from 10 to 15 to 20 per cent more per ton because she is an old ship."

Mr. CURRY. That other question that I asked: All of the ship-yards in the United States, you are informed, are working overtime?

Mr. BAKER. Yes.

Mr. CURRY. And have orders ahead for three years at least?

Mr. BAKER. Yes.

Mr. CURRY. And some of them four?

Mr. BAKER. Yes.

Mr. CURRY. If this bill should be passed and become a law, how long do you think it would be before the United States Government, through its corporation, could build ships and have them on the ocean, equipped and ready for the merchant marine service?

Mr. BAKER. If conditions should not change from to-day, it would be at least two years before the first ship could be gotten out under those conditions.

Mr. CURRY. How could she be gotten out in two years?

Mr. BAKER. Because a great number of those yards are preparing now to enormously increase their facilities and this bill would lead to the establishment of new yards, in my opinion, and in fact I know of one interest now that happened to come in to see me that are preparing to immediately go into the building of ships if this bill is passed. They will cost more than they did before. You lost your opportunity when you did not pass the ship-purchase bill, gentlemen. You lost a grand opportunity. And, bye the bye, I want to answer Mr. Edmonds. I understood the other day he asked about some of those conditions; but what I would do, gentlemen, and I am only offering a suggestion for careful consideration, to me as an American citizen, it is an outrage I can not go across this ocean under our flag in absolute protection, comfort, and safety—it matters not what other nations are doing. And if we had American ships we could; and the first thing I would do would be to put a class of boats in the north Atlantic service between European and American ports equal to anything that any country in the world has to-day and I

would do whatever was necessary to bring that about. I took it up with some gentlemen in New York who command unlimited capital and they said, "Mr. Baker, if you could get the Government to realize that first, we would be perfectly willing to take those ships on the basis of absolutely no cost to the Government, give them a right of call at any time for scout ships."

Now, these would be scout ships, which is one of the most important considerations to the Navy Department and to our coastwise defenses. You may talk about laying your mines all along the coast, but this is going to be the greatest element, gentlemen, in bringing about protection and peace? For other lines I would provide, not as fast ships, because the conditions are all different, but what this board has got to do is to provide the United States with ships for different parts of the world and different routes of the world—what is required, Mr. Curry, from your California ports to the Orient, just as they have to-day—and we may have to meet them—from Japan and other countries may come and do like China is doing to-day, as you know what they are doing; a poor country like that goes to work and says, even to her servant girls and servant men all over California, "subscribe," and they all come forward liberally to buy an old ship from the Pacific Mail for China and paid an exorbitant price for her, simply as a matter of patriotism and pride in their country to prevent all of their business going in Japanese ships. Then I would have a trans-Pacific line and a South American line, and that is the first thing I would do; but it will take a board of that kind eight months before they can begin to build one of those ships, and do it right. They must study conditions.

Mr. HARDY. Do you not think if the Government was ready now to buy \$50,000,000 worth of ships that somewhere out of the void, as it were, somebody would organize and establish a shipbuilding plant to build those ships?

Mr. BAKER. Undoubtedly. I have just spoken of one set of interests who are ready to do it to-day; I know of men ready to do it to-day.

The CHAIRMAN. I heard one of the largest shipbuilding concerns in this country say they were ready and willing to provide the facilities to build the battleships.

Mr. BAKER. Certainly.

The CHAIRMAN. And I do not know why, if they would enlarge their facilities to build battle ships, they would not enlarge their facilities to build merchant ships.

Mr. EDMONDS. We have plenty of room at League Island for more ways.

Mr. HARDY. It seems to me this bill would stimulate at once the enlargement of our shipbuilding facilities.

Mr. BAKER. Undoubtedly.

Mr. EDMONDS. While you are on China, I want to ask you a question; I want to get a little wider view of this thing, and I would like to get your ideas on it. I am going to talk about subsidies, if Mr. Hardy leaves me alone for a few minutes; I am a little afraid of Mr. Hardy.

Mr. HARDY. Suppose you do not talk about subsidies, then.

Mr. BAKER. May I interrupt you, Mr. Edmonds. When this same question was brought up, I think it was in 1843, in the British Par-

liament, I think it was Lord Burns, although I will not be sure about it, said, "Gentlemen, 'subsidy' has an unpleasant sound; let us call it 'for services rendered.'" And the grant was made and they then formed the Cunard Steamship Co. I have forgotten the exact figures, but if you were to take one of her big fast steamers to-day on the same basis of the first ship, she would have paid for herself every voyage in the service rendered alone.

Mr. EDMONDS. You know we do not have those diplomatic pleasantries here that they have over in England. Here we have to call a subsidy something else, even in a bill like this.

Mr. BAKER. I am not afraid of it in the least.

Mr. EDMONDS. I want to call your attention to bring out just a concrete case, and I want to have you give me your ideas on it. There is a line being formed—I do not know whether it is running to-day or not—to run between here and China.

Mr. BAKER. Yes.

Mr. EDMONDS. It is being formed to run between here and China, and it may be running to-day, and the Chinese Government have backed this company up with a certain amount of bonds.

Mr. BAKER. They have guaranteed the principal of the bonds.

Mr. EDMONDS. Guaranteed the principal and interest on those bonds.

Mr. BAKER. I am thoroughly familiar with the whole transaction.

Mr. EDMONDS. That same line would be very glad to come in here and get some of these boats from the Government, I believe, on a cheaper basis.

Mr. BAKER. Yes.

Mr. EDMONDS. Now, if we subsidize, could we not make arrangements between these different countries, for instance, between here and Brazil and between here and Chile, by which their Government would pay a proportionate price for mail subventions—if that is more pleasant than "subsidy"—and we would pay a proportionate price for mail subventions, and between the two of us have lines running in all directions on that basis?

Mr. BAKER. Undoubtedly. And they are inviting you to do it.

Mr. EDMONDS. They are inviting us to do it; but there is nothing in this bill that would give the board the privilege of doing anything of that kind, unless it was done through Government ownership?

Mr. BAKER. Yes. I do not think it is limited to Government ownership. I do not see why the Government should not negotiate through this board, which will represent the Government in the bill, if you pass it, with those countries—in fact, I think that is one of their principal duties, and one of the reasons why, never having had what I might call a "department of marine," to meet other nations in developing their marine in the same way, is why we have not gone forward. Judge Alexander knows that very well from visiting at London and meeting the board of trade. In England they have a board of trade, and Sir Walter Runciman is a member of the cabinet; and in France the same way, and in Japan the same way.

And I want to say that I think Judge Alexander's bill is the very best general compromise under existing conditions—and I say it

with all due respect—I think he has a broader knowledge and understanding of this question than any men whom I meet here in either the Senate or the House. He has been over to Europe and studied it, and he knows the conditions there, and he has sat here so long it is a wonder to me he is not thoroughly disgusted with some of the testimony.

Mr. CURRY. He takes a big interest in it and he knows a great deal about it, and wants to do what is right.

Mr. EDMONDS. While you are bringing up that question, I suppose your idea would be to have this board officially authorized to change subvention lines and you would give them that liberty to make these agreements with these other countries?

Mr. BAKER. Yes.

Mr. EDMONDS. Would they do that for a private line, though: could they do that for a private line? I suppose they could.

Mr. BAKER. I do not know of any reason why they could not. They would have to submit to the State Department, just as much so as the Interstate Commerce Commission or preferential rates, and so on; they are under your jurisdiction and they have to justify their acts. If they do not, you will promptly get rid of them and get some men who will do what is for the best interests of the country.

Mr. CURRY. You know a couple of years ago the Post Office Department gave a contract for carrying the mails to a Japanese line because it saved three or four hundred dollars?

Mr. BAKER. Yes.

Mr. EDMONDS. It did not give the contract, because it contended with the Pacific Mail, but it allowed the Japanese boats to carry the mail.

Mr. BAKER. Yes.

Mr. EDMONDS. That is what happened.

Mr. BAKER. The same thing, in a roundabout way.

Mr. EDMONDS. I wrote to the Postmaster about it, and he returned my letter and said he was working for economy in the department and did not care anything about any other department. That is practically what he said.

Mr. CURRY. I am not blaming anyone at all; I am simply speaking of the policy, that we ought to be protecting our merchant marine, even if it does cost a few dollars.

Mr. EDMONDS. That is what the bill of 1891 was passed for, to help the merchant marine along; and he simply nullified the action of Congress.

Mr. CURRY. You spoke about the purchase of the *China*. My understanding was that 21 Chinamen bought that boat and paid \$287,000 for her.

Mr. BAKER. I do not know all the conditions. I was in the Merchants' Exchange Building, San Francisco, and a member just mentioned it casually and said it had been donated by what they called the four companies—by an assessment of the Chinese residents of California.

Mr. CURRY. The six companies.

Mr. BAKER. It might be, and they went down to even servant men, who contributed from \$5 up to \$500, and then the merchants, and that it was bought in that way.

Mr. CURRY. It is possible that may have been true, but still the purchase was made directly by 21 Chinamen.

Mr. BAKER. Yes.

Mr. EDMONDS. It was reported that 21 Chinamen bought the *China* for \$287,000.

Mr. BAKER. An enormous price for the ship; it ought to have been on the scrap heap.

Mr. EDMONDS. That is very true.

The CHAIRMAN. But it was a good purchase under the circumstances?

Mr. BAKER. Yes.

Mr. EDMONDS. All ships bring enormous prices now.

Mr. BAKER. There are just two suggestions I would like to make. You have in here a most valuable table worked up by Mr. Boule, a man of wide experience in the steamship business, and tables from Secretary Redfield, and my suggestion is that you take all such tables and put them in a separate appendix in a way that they are easy to get at with proper references to them and it would facilitate the consideration of the hearings very much.

The CHAIRMAN. Of course, when we come to the final publication of the hearings, we can arrange them in any way we please and have them indexed, very much like the hearings on the shipping trust.

Mr. BAKER. I was only thinking that to separate the statistical information would be a great help to the people who are studying this subject.

The CHAIRMAN. To put them in an appendix?

Mr. BAKER. Yes. Then before I close I want right here to say publicly that the other day I heard Secretary McAdoo's testimony and I want to thank him for his keen and intelligent and unselfish work and interest in encouraging me to try to arrive at what he believes to be the best interests of this country. I have been down in Washington through all of the different administrations beginning away back with President McKinley and I have never seen anyone who took the same keen, unselfish interest in trying to find out honestly in the different suggestions I made to him the best interest of the country—we did not always agree, not by any means, but I found him reasonable and willing to meet them at different times; and I just want to take this little opportunity, with your permission, of having this go into the minutes.

Mr. RODENBERG. It ought to go in.

Mr. CURRY. We want to have it go in.

The CHAIRMAN. Just one question about the purchase of ships. You mentioned a matter just a moment ago. In connection with the bill which was pending in Congress in 1914, what was known as the ship-purchase bill, of course there has been much discussion about whether or not there were any vessels available then to be purchased. That was in September, 1914, when that bill was introduced in the House. You will recall at that time the German cruisers were very active in the Atlantic and Pacific and conditions in the British mercantile marine I know were rather panicky. Now, what is the fact about whether or not—I am not speaking about German interned ships—we could have bought any ships? If the Germans should carry out their present policy of sinking merchant vessels, that is, renew the activities of their submarines, it has been a question in my

mind if the effect would not be to diminish the cost of British tonnage or the tonnage of the allies—the British ships, the French ships, and the Italian ships.

Mr. BAKER. Very probably, Judge Alexander. But as I said, I do not want to make any predictions about what will happen even to-morrow. But here is a whole lot of evidence on that question. On December 22, 1914, for instance, here are a couple of ships which were offered, which I submitted to you at that time. These were the *Ohio* and the *Andreas* (?), large ships, 597,000 cubic feet, which would mean about 6,000 tons gross; and the other was 580,000 cubic feet, or about 5,800 tons. They were passenger boats. Then here are some others. There were a great many offered; I have a big list here of boats offered from all over the country. And in reply to a great many Senators at that time I showed them these lists of ships that could be acquired without any question as to their nationality—I mean no German interned ships—which would cause any complications.

Then the question came up at that time whether there would be great delays in loading and unloading the ships, and so on. Here is one letter right here, February 8, 1915, and here is another, February 9, 1915. You see, that was after the beginning of the war, before the ship-purchase bill had been decided.

We could get ships; it was simply a matter of price. Our Government must get the English Government to sanction the transfer if English.

Mr. CURRY. All the great maritime nations except the United States now prohibit the transfer of ships to a foreign flag, do they not?

Mr. BAKER. Every one of them without their consent and approval of buyer.

Mr. CURRY. So we could not buy any foreign ships now?

The CHAIRMAN. That was not true at that time.

Mr. CURRY. No.

Mr. BAKER. Here were three ships, the *Colombia*, the *Ecuador*, and *Venezuela*—splendid big passenger ships that Capt. Dollar was going to buy, since reported purchased by Grace & Co., New York. And then here is another list of ships under British register.

The CHAIRMAN. About how many tons of ships?

Mr. BAKER. It would have taken all the money you had at that particular time. They are all here, but I have never figured up the tonnage. And here are all the prices of the ships. Most of these are English ships in this particular list—\$625,000, \$375,000, \$342,000, and \$350,000, and so on.

(The list referred to may be found beginning on page 375 of hearings.)

Mr. EDMONDS. That was a couple of years ago, was it not, Mr. Chairman.

The CHAIRMAN. Yes; that is true.

Mr. BAKER. I found among these lists some that were German interned ships. I did not think it was wise even to consider the suggestion of buying them. You know that matter was fully investigated by Senator Walsh's committee immediately after the German cruisers came in.

The CHAIRMAN. Those ships were all for sale before Mr. Morse's company sequestrated the balance of the ships.

Mr. BAKER. They were all sold long ago.

Mr. CURRY. Even though Germany would sell her interned ships, which she would not, we would not be authorized and justified under international law in buying them, and the transfer would not be recognized as legal.

Mr. BAKER. I beg your pardon?

Mr. CURRY. I say even if Germany would sell her interned ships, which she will not—

Mr. BAKER. Yes.

Mr. CURRY. We would not, under international law, be justified in buying them, and Great Britain, France, and other countries would not recognize the transfer as legal in time of war.

Mr. BAKER. Certainly not. You could not expect them to do it, and I am surprised that any man should think such a thing was considered for a moment.

Mr. CURRY. A transfer of that kind must occur at least 30 days before the declaration of war to be recognized.

Mr. BAKER. Certainly. That was accepted, I think, by all the nations except England. They did not sign that, did they?

Mr. CURRY. And it must be a bona fide transfer.

Mr. BAKER. But England did not sign it.

The CHAIRMAN. The French law is much more rigid than the English law in that regard.

(Thereupon, at 4 o'clock p. m., the hearing was adjourned until Thursday, March 2, 1916, at 10 o'clock a. m.)

CREATING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Thursday, March 2, 1916.

The committee met at 10 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

Mr. EDMONDS. Mr. Chairman, I have here a protest by the Philadelphia Maritime Exchange against the passage of H. R. 10500, which I would like to have incorporated in the record.

(The paper above referred to is as follows:)

THE PHILADELPHIA MARITIME EXCHANGE.

PROTEST AGAINST THE PASSAGE OF BILL H. R. 10500, PROVIDING FOR GOVERNMENT OWNERSHIP AND OPERATION OF MERCHANT VESSELS.

To the honorable the Senate and House of Representatives of the United States in Congress assembled:

This memorial of the Philadelphia Maritime Exchange respectfully represents: That a bill (H. R. 10500) having for its object the encouragement, development, and creation of a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its territories and possessions and with foreign countries, and for other purposes, is at the present time being considered in the Congress of the United States.

This bill proposes the creation and establishment of a national shipping board to consist of the Secretary of the Navy, the Secretary of Commerce, and three civilians, one of whom shall be chairman of the board, to be appointed by the President for terms of two, four, and six years, respectively.

The shipping board so constituted is to have authority to build or charter vessels suitable for naval auxiliaries or Army transports, with a view to chartering, leasing, or selling such vessels to citizens of the United States desiring to use them in the transportation of the commerce of the United States with foreign countries or with the territories and possessions of the United States, and for this purpose the Secretary of the Treasury is authorized to sell available bonds of an issue previously authorized by Congress in connection with the construction of the Panama Canal, in an amount not exceeding \$50,000,000.

The bill carries authority for the President to transfer to the board of naval auxiliaries for charter, lease, or sale to private parties, to be used either in the coastwise or over-sea trade.

Authority is conveyed to the board to regulate the operation of all corporations, firms, and individuals engaged as common carriers in the transportation of passengers and property by water between ports of the United States, and not entirely within the limits of a single State, and between the United States and foreign countries, as well as between the United States and its Territories and possessions, and to determine and prescribe rates and charges for the transportation of said passengers and property; and it further gives to the board authority to prescribe preferential rates, if in its judgment such rates are desirable to carry out the purpose of the act.

Section 10 of the bill prohibits the transportation of passengers and property by water between ports of the United States not entirely within the limits of a single State, or between the United States and foreign countries or between the United States and its territories and possessions, without first obtaining a license from the board.

The Philadelphia Maritime Exchange urgently protests against the proposed measure being enacted into law for the following reasons:

First. The proposed legislation would place the Government in direct and unfair competition with a large number of American citizens who, with investments of many millions of dollars, are engaged in a business essentially private in character and readily controllable both by competition and governmental regulation. No private enterprise however capably and economically administered, where the management is accountable to its stockholders, can possibly compete with the Government in the same industry where there is no such accountability.

Second. It is a well established fact that the principal foreign nations have prohibited the sale of vessels operating under their flags, and it is a matter of general knowledge that American shipyards have already made contracts which will tax their capacity to the utmost for the next two or three years. These conditions alone would render abortive for an indefinite period the advantages which are sought to be accomplished by the proposed legislation.

Third. The effect of the regulation of rates governing ocean-borne traffic by the proposed shipping board would not only be the elimination of American vessels from competition with those of foreign registry in the movement of merchandise to and from American ports, but by the certain refusal of foreign owners to take out the prescribed license would leave the products of our own country without the means of transportation to the markets of the world. The creation of a shipping board with such plenary powers, without acceptance of the same regulation by foreign vessels, would sound the death knell of American shipping.

Fourth. Even if the Government were now able to acquire vessels in the building, selling, or chartering markets the competition with private enterprise thus created, plus the serious handicap with which the American vessel owner already has to contend, would mean the early extinction of the American shipowner, with the consequent unwarranted sacrifice of individual effort and capital.

Fifth. It must be clear to your honorable bodies that there exists no lack of enterprise or willingness on the part of the American people to invest their capital in almost unlimited volume where there is reasonable promise of a fair return on the investment. With regard to the upbuilding of our merchant marine, therefore, Congress should encourage, not discourage, the first-named trait in our national character, and support the second by enacting legislation which will not only remove the serious obstacles caused by existing laws but create conditions which will place American vessels in a position of reasonable competition with those of other nations.

Sixth. When this relief is given private enterprise and capital may be depended upon to promptly and liberally lend themselves to the creation of a merchant marine capable of amply supplying the demands of commerce, as well as the requirements of the Government for military and naval purposes.

Seventh. The Philadelphia Maritime Exchange, while strongly advocating the upbuilding of the merchant marine of the United States, regards the provisions of bill H. R. 10500 as dangerous in the extreme, and is of the opinion that the ownership and operation by the Government of merchant vessels is a backward rather than a forward step, and will not only discourage but destroy all private initiative in the direction so earnestly desired.

THE PHILADELPHIA MARITIME EXCHANGE.
By J. S. W. HOLTON, *President*.

Attest:

[SEAL.]

PHILADELPHIA, March 1, 1916.

S. R. SHEARWOOD, *President*.

The CHAIRMAN. Mr. Slechta, of New York, is here this morning and has expressed a wish to be heard. Give the stenographer your name, address, and business connections, Mr. Slechta.

STATEMENT OF MR. JOSEPH J. SLECHTA, OF NEW YORK, NEW YORK AGENT FOR THE BRAZILIAN STEAMSHIP CO.

Mr. SLECHTA. Joseph J. Slechta. My steamship connection is the Brazilian Steamship Co. of New York, of the Lloyd-Brazileiro. I also was connected a short time ago with Holt & Co., exporters of flour.

Mr. GREENE. Is this Lloyd-Brazileiro owned by Brazil?

Mr. SLECHTA. It is owned by the Federal Government of Brazil and operated directly by the Federal Government.

Mr. GREENE. Between New York and—

Mr. SLECHTA. No, sir; the principal business service of the company is in the coastwise trade of Brazil, between the various ports of Brazil. They operate approximately 50 to 55 vessels in the coastwise service. But for the past eight years they have operated this special service to New York and New Orleans.

The CHAIRMAN. How many vessels have you?

Mr. SLECHTA. The number in the service varies. Previous to the war we had five fruit vessels in the New York trade and we were supplementing that with a considerable number of chartered vessels, chartered by the month or the year, as the case might be.

Mr. EDMONDS. Has this always been a Government-owned line?

Mr. SLECHTA. No, sir.

Mr. EDMONDS. How long has it been a Government-owned line?

Mr. SLECHTA. It has been heavily subsidized for—well, every since it was organized.

Mr. BRUCKNER. How long ago was that, Mr. Slechta? When was it organized?

Mr. SLECHTA. It dates back in one form or another for pretty nearly 40 years.

Mr. EDMONDS. It was originally a private line, subsidized?

Mr. SLECHTA. Yes, sir.

Mr. EDMONDS. How long since the Government took it over?

Mr. SLECHTA. It took it over all together in 1912.

Mr. EDMONDS. In 1912; just three or four years ago?

Mr. SLECHTA. Yes, sir.

Mr. EDMONDS. Why did they take it over?

Mr. SLECHTA. Because they found they had gotten so much money in it that they owned it.

Mr. ROWE. They had loaned it money?

Mr. SLECHTA. Yes, sir.

Mr. GREENE. You mean it was subsidized so heavily?

Mr. SLECHTA. Yes, sir; it was subsidized so heavily; and then in order to continue its operation the Government was forced to loan so much money that eventually it found the assets of the company were only sufficient to pay what they had loaned.

Mr. EDMONDS. As a matter of fact, in 1912 the privately-owned line found itself up against it and were willing to sell—they had 56 ships. I believe, at that time?

Mr. SLECHTA. Yes, sir.

Mr. EDMONDS. And they were willing to sell to anybody; is that true? It was for sale?

Mr. SLECHTA. It was for sale.

Mr. EDMONDS. And the Government found it could not do without this line and they did not want the service discontinued and took it over?

Mr. SLECHTA. As a matter of fact the Government was perfectly willing to sell it under their own conditions and terms.

Mr. EDMONDS. You don't mean at the present time.

Mr. SLECHTA. At any time—not at that time, but shortly after and on another occasion.

The CHAIRMAN. What were the conditions to which you have referred?

Mr. SLECHTA. In the first place, the navigation laws of Brazil and the conditions as to management, seamen, and so forth, are so onerous that it is difficult to operate a line at a profit. And it is very doubtful whether any foreign capital would take the line and operate it under those conditions, especially on the coast of Brazil. And, of course, that was one of the conditions, that the line must be operated under the existing laws on the coast of Brazil.

The CHAIRMAN. In the coastwise trade?

Mr. SLECHTA. Yes, sir.

The CHAIRMAN. These burdens were imposed by the Government itself on its own line?

Mr. SLECHTA. Practically so. That is what it amounts to.

The CHAIRMAN. How many vessels were there, did you say, that were owned by this private company—what is the name of the company?

Mr. SLECHTA. The name of the company was the same as it is now. The style of the company is Lloyd-Brazileiro.

The CHAIRMAN. How long had it been operated by the private company?

Mr. SLECHTA. Up to 1912. I do not know just exactly how long the company has been operated. As I say, it dates back between 30 and 40 years.

The CHAIRMAN. Did they pay subsidies on their shipping in the coastwise trade?

Mr. SLECHTA. Yes, sir.

The CHAIRMAN. In what way and to what extent?

Mr. SLECHTA. They gave them an annual credit amounting, as I recall it, to something like \$200,000 a year. I would not be at all certain about the amount. I was never concerned with it particularly.

The CHAIRMAN. \$200,000 a year—and how many vessels?

Mr. SLECHTA. Large and small, there were, as I say, between 50 and 60.

Mr. GREENE. As I understood you, they started with a smaller number.

Mr. SLECHTA. Well, a long ways back.

The CHAIRMAN. Were those mail ships or mail and cargo vessels?

Mr. SLECHTA. Vessels of every description: river steamers, coastwise steamers for cargo purposes only, others that were very largely for passenger accommodations and others part cargo and part passenger.

The CHAIRMAN. What is the length of the coast line of Brazil?

Mr. SLECHTA. The coast line of Brazil is considerably over 5,000 miles—nearly 6,000 miles.

The CHAIRMAN. And these vessels cover what ports?

Mr. SLECHTA. All of them.

The CHAIRMAN. They operate on a coast line of about 5,000 miles.

Mr. SLECHTA. Yes, sir; in addition to which—

The CHAIRMAN. And entered and cleared from about how many ports in the coastwise trade?

Mr. SLECHTA. Coast and river ports, very close to 100.

The CHAIRMAN. What rivers do they navigate?

Mr. SLECHTA. The Amazon and the Paraguay, largely. That is about all.

The CHAIRMAN. And the subsidies amounted to about \$200,000 a year?

Mr. SLECHTA. Yes. I would not be sure about the amount of that subsidy.

The CHAIRMAN. Did that include mail pay to those vessels?

Mr. SLECHTA. The Government of Brazil does not pay any mail subsidy at all. They pay nothing for the mail service of Brazil.

The CHAIRMAN. Do they carry the mails free?

Mr. SLECHTA. Yes, sir. They consider that certain privileges which mail vessels get in the various ports are in compensation for carrying the mails.

The CHAIRMAN. What are they?

Mr. SLECHTA. The vessels carrying the Brazilian mail get what they call the packet rights. I do not know that they can be valued in dollars and cents exactly. They are shipping privileges that they do not get unless they carry the mail; in other words, a reduction of some charges.

The CHAIRMAN. Do you know what those are?

Mr. SLECHTA. No; I do not. As I say, I have nothing to do with these services; my business is entirely the New York end of it.

The CHAIRMAN. Then you are not familiar with the conditions of the service in the coastwise trade you spoke of?

Mr. SLECHTA. Only so far as it concerns our own New York Line.

The CHAIRMAN. Of course you can make any statement to the committee you desire. I do not know just what you want to say, but you have requested to be heard.

Mr. SLECHTA. I just returned from a visit through Brazil, having spent the better part of two months in various parts of Brazil and, being interested in an export business as well as in the steamship business. I thought possibly the committee might care to ask me questions and possibly have any information I may be able to give them concerning Brazilian business in particular and South American business in general. Personally I have always had the feeling that not only in connection with this movement now being agitated with reference to a merchant marine, but the foreign trade and in general South American matters have been very much overemphasized.

The CHAIRMAN. In what respect? Do you mean to say there is no trade to South America worth anything?

Mr. SLECHTA. No; I do not mean there is none; but I mean the possibilities of increasing the trade are very much overestimated.

The CHAIRMAN. By whom?

Mr. SLECHTA. By the United States.

Mr. RODENBERG. What is the total foreign trade of South America, approximately? It is about \$2,000,000,000, is it not?

Mr. SLECHTA. The total foreign trade, exports and imports, from all countries in South America?

Mr. RODENBERG. Yes.

Mr. SLECHTA. Yes; approximately \$2,000,000,000.

Mr. RODENBERG. What per cent of that do we get now?

Mr. SLECHTA. We get about 30 per cent.

Br. BRUCKNER. How much?

Mr. SLECHTA. Thirty per cent.

Mr. RODENBERG. No; I thought we were getting less than 10 per cent.

Mr. EDMONDS. You mean, we buy from them?

Mr. RODENBERG. Yes.

Mr. SLECHTA. Yes; if you figure it that way. Of course, our exports to South America amount to about 10 per cent of the exports and imports, but amount to a whole lot more than 10 per cent of their imports.

Mr. EDMONDS. You want to talk of the Brazilian trade. We buy about 250,000 tons of coffee a year from Brazil, do we not, in this country?

Mr. SLECHTA. I can give the Brazilian figures, approximately. Our imports from Brazil amount pretty closely to \$100,000,000. They vary from \$80,000,000 to \$100,000,000.

Mr. EDMONDS. We buy \$100,000,000 worth of coffee?

Mr. SLECHTA. Coffee and rubber.

Mr. EDMONDS. The rubber was twenty-five to thirty.

Mr. SLECHTA. More than twenty-five: from \$80,000,000 to \$120,000,000.

Mr. EDMONDS. And that 200,000 tons of coffee and 15,000 to 20,000 tons of rubber is carried in what kinds of ships?

Mr. SLECHTA. All kinds of ships.

Mr. EDMONDS. Mostly English?

Mr. SLECHTA. I would not say that at the present time. It is largely carried in our ships.

Mr. EDMONDS. You mean in your Lloyd-Brazilian ships?

Mr. SLECHTA. Yes.

Mr. GREENE. What competition do you meet with there?

Mr. SLECHTA. In the steamship business?

Mr. GREENE. Yes; you say the Government owns this line. What competition do you have?

Mr. SLECHTA. In normal times we have competition with the regularly established lines—they are all British lines—and formerly with the Hamburg-American Line.

Mr. RODENBERG. Following up the chairman's suggestion there. I would like to have you explain what you mean by saying that the importance of the trade to South America is overemphasized?

Mr. SLECHTA. I will repeat, in a brief way, exactly what I said. In the early stages of the present war the papers and magazines and organizations were going wild over the possibilities of capturing, as they called it, the trade of South America. And I had a series of articles—a very small series—in the Journal of Commerce of New York, in which I said, as early as the latter part of August of the year that the war began, that the war would bring us practically no

advantages in trade whatever with South America. And the facts have borne out the correctness of my prediction. The trade with Brazil for 1915, except for the fact that their imports from Europe were very much reduced, necessarily, was smaller than our trade in 1912 or 1913, I am not sure which. But immediately before the war—

Mr. EDMONDS. What were the imports from Brazil in 1915?

Mr. SLECHTA. It is difficult for me to give you these figures accurately from memory, but in 1915 our imports from Brazil were larger because we took a larger share of their hides and cocoa than formerly.

Mr. EDMONDS. Our imports in 1911 were \$100,867,184, according to a chart I have here and which was prepared about that time.

Mr. SLECHTA. Yes.

Mr. EDMONDS. What were the exports from the United States in 1915?

Mr. SLECHTA. The exports from the United States in 1915 have been figured at \$34,000,000.

Mr. EDMONDS. They were \$27,150,672 in 1911.

Mr. SLECHTA. Yes; but they were more in 1912 and 1913.

Mr. RODENBERG. More in 1912 than in 1915?

Mr. SLECHTA. Yes; they were more. In one of those years our exports to Brazil were larger than in the year immediately closed—1915.

Mr. RODENBERG. That is rather surprising. And you say the exports from European countries to Brazil had fallen off naturally on account of the war, and it has not increased our exports to Brazil.

Mr. SLECHTA. No, sir.

Mr. RODENBERG. The imports to the United States from Brazil were larger in 1915, and the exports were less in 1915 than they were in 1912?

Mr. SLECHTA. Yes, sir.

Mr. ROWE. That is surprising.

Mr. GREENE. Where do you get your material that you used to get from here? You say the business was shut off across the water on account of the war.

Mr. SLECHTA. The importation in Brazil of a great many things has been curtailed; in the first place, by the financial stringency caused by the war and the inability of the consumer to buy what he wanted.

Mr. GREENE. That is, you have had financial trouble there?

Mr. SLECHTA. I would not say we have had financial trouble, but simply a reduced capacity to purchase.

The CHAIRMAN. That is true in Brazil?

Mr. SLECHTA. It is true in almost all parts of South America.

The CHAIRMAN. Yes; they have not the same ability to purchase.

Mr. SLECHTA. It was inevitable as a result of the war, because their financial arrangements have always been with European countries. The financial investments of European countries are very, very great.

The CHAIRMAN. Very well; we are projecting branch banks to South America ourselves now with a view to meeting the conditions, are we not?

Mr. SLECHTA. Yes; but it takes more than the establishment of banks

The CHAIRMAN. That is just one means.

Mr. SLECHTA. It means the intending investor can get a better line of investments in South America than he can elsewhere, on which the investor in the United States to-day is not convinced.

The CHAIRMAN. How about the facilities of transportation then as compared with now; that is, the facilities before the war compared with 1915?

Mr. SLECHTA. The facilities have been very largely disarranged and disrupted there, the same as they have in all parts of the world.

The CHAIRMAN. That is another element. Then what is the difference in the freight rates?

Mr. SLECHTA. The freight rates are very much higher.

The CHAIRMAN. Would that affect the commerce between this country and South America? In the first instance, you have their limited ability to buy on account of the general financial stringency and then the lack of tonnage and the enormously increased freight rates—that would all more or less demoralize commerce, would it not?

Mr. SLECHTA. There is no question about it.

Mr. GREENE. Does this company that is owned by the Government get very largely increased rates?

Mr. SLECHTA. I was just coming to that. I wanted to give you some figures which will show you with reference to that very company. In 1915—I took these figures from a certified accountant's report on our books for 1915—we had 37 sailings of cargo steamer which had been berthed in New York. They received general cargo and the sailings were for Brazilian ports. The gross receipts for general cargo amounted to \$1,513,000.

The CHAIRMAN. For freight?

Mr. SLECHTA. Yes. The total tonnage of general cargo carried was approximately 150,000 tons.

Mr. EDMONDS. Exports from New York?

Mr. SLECHTA. Exports from New York. During that same period we chartered outside vessels—

Mr. HARDY. What year was that?

Mr. SLECHTA. 1915. During that same period, 1915, we dispatched to Brazil, to the several Brazilian ports, a total of 57 cargoes of coal for our own uses in Brazil. In other words, that was merchandizing business which our New York office did for the Lloyd Brasileiro.

The CHAIRMAN. While you are agent for the Lloyd-Brazileiro you also—

Mr. SLECHTA (interposing). Act as purchasing agent for that coal and other things that we buy for them.

Mr. EDMONDS. Where had you purchased this coal before—England?

Mr. SLECHTA. From England. There were 57 cargoes of coal largely on American vessels, aggregating a total of 155,000 tons.

The CHAIRMAN. What did that coal cost you here at tidewater?

Mr. SLECHTA. That coal cost us in the neighborhood of \$2.80

The CHAIRMAN. And what did it cost delivered in Brazil?

Mr. SLECHTA. Approximately \$10.

Mr. SLECHTA. Yes, sir.

Mr. GREENE. You owned the vessels?

Mr. SLECHTA. Yes, sir.

Mr. GREENE. Why couldn't you run the vessels at cheap rates and reduce the rates? That is the argument for this bill, that they will reduce the rates.

Mr. SLECHTA. But wouldn't it look silly for 10 or a dozen vessels for general cargo reducing rates on that cargo and reducing their earnings and then to charter the other fellow's vessels and pay high rates on coal? That is exactly what would happen. It would pay us better to use those vessels for carrying coal and to tell the American exporter to go ahead and get tonnage where he pleased.

The CHAIRMAN. Why didn't you?

Mr. SLECHTA. Simply because we wanted to continue the operation of the steamship line. As a matter of fact, as I pointed out, the steamship officials in Brazil have very forcibly pointed out to me it would pay us better to carry our own coal and to take off the vessels engaged in the export service. In fact, we have two steamers up here now with coffee which I am instructed to load out with coal and not general cargo.

The CHAIRMAN. Because you have no coal in Brazil and you are compelled to import coal to operate your line there?

Mr. SLECHTA. Yes, sir.

Mr. EDMONDS. When this line was running in normal times, in 1912 and 1913, could you get plenty of cargoes out of New York for Brazil?

Mr. SLECHTA. Yes; at very low rates of freight, and considering the high cost of operating the steamers it was not a paying proposition.

Mr. EDMONDS. Did you ever take any lower rate than you were compelled to, to carry them?

Mr. SLECHTA. No.

Mr. EDMONDS. You had to take the same as other people?

Mr. SLECHTA. We had to take the same as other people, and that is what we are doing now.

Mr. EDMONDS. And that is why the steamship line got into difficulty, because the freight rates were so low they couldn't make any money?

Mr. SLECHTA. Oh, no; the New York service was always a paying proposition; it was coastwise.

Mr. EDMONDS. Then why abandon your New York service?

Mr. SLECHTA. We did not abandon it.

Mr. EDMONDS. You intended to.

Mr. SLECHTA. No.

Mr. EDMONDS. "The line to New York, instituted in 1907, has been discontinued." Here is the British report for 1913.

Mr. SLECHTA. That British report is not correct, then. I do not know anything about it; but the line has not been discontinued since it was founded in 1906 or 1907.

Mr. GREENE. You talk about the high cost of running a vessel?

Mr. SLECHTA. Yes, sir.

Mr. GREENE. Was it a higher cost to run them under Government control than private control?

Mr. SLECHTA. No.

Mr. GREENE. What was the great cost of running the vessel?

Mr. SLECHTA. I do not understand what you mean.

Mr. GREENE. You said that the cost of running the vessel was so great and yet you say it was not a greater cost than it was under private enterprise. What I want to find out is what advantage was the fact that the Government owned it. The Government took it because they could not help it, because it had loaned so much money on it they were compelled to take it.

Mr. SLECHTA. Exactly.

Mr. GREENE. Now, what advantage has the Government operation been over that of the private people?

Mr. SLECHTA. Principally in the matter of administration in Brazil in the coastwise business, where they have been able to make economical changes in the administration of the line and to save money in different ways. The cost of operating the steamers so far as the size of the crew is concerned has not changed. You are handicapped in that way very much the same in the American merchant marine. They carry more crew and a more expensive crew than any other country in the world.

Mr. GREENE. And you are giving low freights then at a low expense to the coastwise trade to encourage that and to keep it up, and in running those lines losing money, on your line?

Mr. SLECHTA. The Brazilian Government is compelled to maintain, in some form or other, a coastwise service, because of the fact that the transportation is so dependent upon the ocean carrying. Railroads are comparatively few and the development of Brazil, thus far, has been largely along the coast for the carrying of passengers and cargo dependent very largely upon its coastwise and ocean carriers.

Mr. HARDY. Gentlemen, I do not know how the rest of this committee feels, but the present witness to my mind has muddled the thing so that I can not see the point he is driving at, and I would like to have him state clearly what it is, and to give us some idea of the point he is trying to make. And maybe if we will let him proceed he can make it clear.

Mr. ROWE. Go ahead with your statement.

Mr. EDMONDS. He has just been to Brazil and came here to give us some idea of South American commerce.

Mr. HARDY. I understand he wants to give us some idea of South American trade, but what is the point?

Mr. SLECHTA. The point I wanted to make is, was to explain in the first place that we are maintaining a line of vessels in the interests of the American exporters and importers, particularly the exporters, when as a matter of fact it would pay us better to devote those vessels entirely to the carrying of coal for our own use in Brazil. And in view of the emphasis which has been placed upon the importance of putting additional carriers under the management and control of the Government, or otherwise, into the Brazilian service, I wanted to point out that no matter how it is done, in the face of the fact that the transportation of coal costs us so much, because of conditions that exist all over the world in the matter of the demand for tonnage, we would necessarily be com-

pelled to withdraw those vessels which we now operate in the carrying of general cargo from New York and use them for the carrying of our own coal from Norfolk.

The CHAIRMAN. Suppose you did.

Mr. SLECHTA. That is the point I wanted to make in that respect. Well, suppose we did——

The CHAIRMAN. You have to have coal or else you have to suspend your coastwise service, and if somebody else does not render the service, then you have to render it yourself?

Mr. SLECHTA. Surely. But if we carry it in our own vessels, that means the facilities amounting in 1915 to 150,000 tons of general cargo from New York would be withdrawn.

The CHAIRMAN. Unless somebody else supplied the service.

Mr. SLECHTA. Exactly. We are perfectly willing they should do so.

Mr. GREENE. As I understand it, they have been taken care of in your generosity out of the treasury of the Brazilian Government?

Mr. SLECHTA. No; I do not claim that much.

The CHAIRMAN. He does not claim any such thing as that.

Mr. SLECHTA. I claim, in the interest of the American trade and the Brazilian trade as well, we have maintained this line because we wanted to see the trade developed, and we have continued to go on and develop it in the face of the fact that it would pay us equally well to operate those boats simply as our own carriers—for carrying our own cargo.

The CHAIRMAN. You do not mean to say you are engaged now in a work of benevolence for American commerce?

Mr. SLECHTA. Not at all. A proposition looking to development is certainly a desirable thing; at the same time it means we are maintaining those vessels in that trade from which later we hope to benefit.

The CHAIRMAN. What you mean to say is this, that you could operate those ships at this particular time in carrying coal from Norfolk to Brazil at a greater profit than in the carrying of general merchandise from New York?

Mr. SLECHTA. Yes, sir.

Mr. HADLEY. I understood you to say you are able to do this by reason of Brazilian administration?

Mr. SLECHTA. No; not at all.

Mr. HADLEY. You spoke of Brazilian administration. I do not understand what you mean by Brazilian operation in the connection you used it.

Mr. SLECHTA. I simply referred to the fact that the administration of our enterprise in Brazil has frequently insisted that it would be advantageous if our New York office would use the carriers which they send up here loaded with coffee and other products from Brazil to carry their own coal back to Brazil, coal that we buy here for them, instead of using them for loading general cargo for exporters back of our line.

Mr. EDMONDS. To get the matter straight, this line was gotten together by the Brazilian Government and subsidized heavily for years, and in 1912 it found it was being subsidized to the tune of \$908,000 a year——

The CHAIRMAN. \$200,000 he said.

Mr. EDMONDS. Two hundred thousand for the New York line alone. \$908,220 (p. 27, report of the Commissioner of Navigation, 1909) is what the line got annually.

Mr. HARDY. We are going after another angle; I want to get this business proposition.

Mr. RODENBERG. That is here; he is going to give that right here, Mr. Hardy.

Mr. EDMONDS. The company was built for the benefit of Brazilian shippers entirely for coastwise traffic along the coast of Brazil, where they have no railroad communication and it is absolutely necessary to have communication by water. After the line got in difficulty in 1912 the Government took it over, because it was absolutely necessary for this line to run in their coastwise traffic. It was discussed in the newspapers. If I remember right, the New York Line was bringing 250,000 tons of coffee and rubber to this country every year—fifty vessels of 5,000 tons each. They found they could not bring their coffee here, that being in the hands of English shippers. They continued to run the new line, and at one time, in 1913, the entire line, composed of 53 steamers, was for sale under certain restrictions, and the sale was published in the New York and Philadelphia newspapers—not as an advertisement, but as a news item.

Mr. SLECHTA. As a matter of fact, there were advertisements published also.

Mr. EDMONDS. I do not remember them, but I remember it being spoken of in the newspapers.

Now, that puts the matter so we know exactly what the line was.

The CHAIRMAN. Why not let Mr. Slechta make his statement?

Mr. RODENBERG. I think that will clarify the situation.

Mr. SLECHTA. I am very glad to have my memory refreshed on that point. I have not concerned myself particularly with it, because it has not been my business to do so.

The thing I particularly wanted to emphasize in this connection, and the reason I brought up this comparison of the two businesses in which we are engaged—the taking of freight and the collecting, of course, of all the freight we can get for export to Brazil, and the carrying of our own coal, illustrates very well the fact that we, as well as a great many other people, are confronted with the tremendous demands for tonnage, not so much in the South American business as in the ammunition trade to Europe. It is in the trans-Atlantic service where the rates are being made, and the owner who has a vessel available which he might conceivably charter for business to South America says:

I can get so much for her in the trans-Atlantic business; you can have her, if you want her, for Brazilian or Argentine trade, and we will figure off a reasonable amount less, conditioned upon the amount of insurance which I must pay on sending that vessel to Europe.

Very well. Now, here is a line like the Lamport & Holt, a British line, for instance, which owns their own vessels. They are not obliged, you say, to increase their rates to Brazil. Nor are we, because we own our vessels also. But the British Government takes a large part of the Lamport & Holt tonnage, and they do not pay the Lamport & Holt Steamship Co. the current rates on that tonnage;

they pay them a certain proportion above normal rates, with the result that the Lamport & Holt, in view of the insurance expense and generally increased cost of operation due to the war, feel compelled, naturally, to get all they can in the way of freights. In other words, they take advantage of the law of supply and demand to get what is the market rate on the vessels which remain in their service.

The CHAIRMAN. In other words, they reap whatever diminution there may be in their profits on vessels commandeered by the Government by increasing rates in the trade to South America.

Mr. SLECHTA. Wherever they operate them, whether South America or China.

Mr. HARDY. If I understand you, your proposition is that the trans-Atlantic trade, particularly the munitions trade, has so absorbed all the tonnage that it has resulted in a rise of rates all over the world.

Mr. SLECHTA. It has absolutely been the factor which determines the rate upon tonnage to-day.

Mr. HARDY. As a matter of fact, you do not think any shipping line, regardless of the question of whether their vessels are commandeered by their Government, would fail to take advantage of the law of supply and demand to charge all the traffic will bear?

Mr. SLECHTA. No, sir; I know they will.

Mr. HARDY. They will do that anyhow?

Mr. SLECHTA. Yes, sir; they will.

Mr. HARDY. But it is a fact that the trans-Atlantic trade, especially the munitions trade, has so absorbed the cargo capacity of the shipping lines of the world that everywhere rates have been raised on account of the law of supply and demand?

Mr. SLECHTA. Yes, sir. Let me give you an illustration: We had a steamer which we were fortunate enough to have chartered in the early stages of the war, which cost us \$18,000 a month. She just went off of her charter with us yesterday. Unfortunately, we did not have her for a longer period. We paid \$18,000 a month. To-day she starts to load for a port in France, under all sorts of restrictions made by the owners in the charter, and they will get for one voyage which takes less than a month, including loading and unloading (because it only takes 10 days to load and discharge the vessel and the voyage is less than 20 days), \$145,000. We had the same vessel for \$18,000 a month up to yesterday.

Mr. HARDY. In other words, the cargo man raises, the freight man raises, and everybody raises as soon as they can.

Mr. SLECHTA. There is nothing in the world, gentlemen, in the way of business facilities for transportation or anything else, which is so absolutely subservient to the laws of supply and demand as ocean transportation facilities.

Mr. HARDY. And therefore the question is until we get a larger supply of tonnage we may expect balloon rates.

Mr. SLECHTA. Absolutely; and it does not make any difference whether they are under the American flag, the flag of China, or any other flag, until we get the tonnage the rates will be high.

Mr. HARDY. I understand you to say you operate a Government-controlled line?

Mr. SLECHTA. Yes, sir.

HARDY. And you see no reason why it can not be as cheaply and why it is not as cheaply operated as it would be if it were operated by a private concern?

SLECHTA. Please don't draw any inference—I am an American and I am anything else.

HARDY. I understood you to make that answer just now.

SLECHTA. Not quite. Please do not draw any inference as to the possibility of operating a steamship line under the laws of the United States, from what anything else does, as far as my experience is concerned.

HARDY. I am not drawing an inference; I want the facts.

SLECHTA. I will give you the facts, if you want the facts. It is not exactly true that the Brazilian Government is to-day operating the Lloyd-Brazileiro much better than it was ever operated before; but under the same business conditions—conditions under the domination of the interests, and especially considering the subsidy, which was given by Brazil to a private corporation or joint stock company, which the Lloyd-Brazileiro was operated—were so utterly different that the Government could not very well help but improve it.

HARDY. In other words, the Government tried subsidy, and it failed.

SLECHTA. Absolutely.

GREENE. You do not figure at all on these vessels which you operate on a percentage of profit, do you? You just take your ordinary operating expenses and do not figure any profit on your capital invested in anything else, do you?

SLECHTA. I could not say about it. I have nothing to do with the administration.

GREENE. You ought to know about it, oughtn't you?

SLECHTA. I do not know because I am agent of the line in New York, and it is my business to load steamers, get the best cargo for the best freights, and to run the New York end of it as economically as possible.

RODENBERG. You do not know how much the Government has increased its operation prior to this increased demand?

SLECHTA. No; I do not.

RODENBERG. Do you know whether it lost more than the subsidy that they had been giving or not?

SLECHTA. I know they still owe a very, very large amount, which is included in the funded debt of Brazil to English capitalists.

HARDY. That involves their whole valorization scheme, what is the scheme and what it lost on that, and this line run in connection with it.

SLECHTA. No; the valorization scheme never had anything to do with our company.

CHAIRMAN. Tell us, if you are familiar with that, about their valorization scheme.

SLECHTA. I am familiar with it, but that is rather a far call. I should be very glad to do so if it would be of interest to you, but I have no relation to this question.

CHAIRMAN. You say it does not have any direct connection with the subject?

SLECHTA. No, sir.

The CHAIRMAN. The other day somebody suggested that it might
 Mr. SLECHTA. I do not see how. Reference was made here by Judge Hardy to the fact that the Lloyd-Brazileiro insisted on retaining ships in the service because of the coffee exports. As a matter of fact, up to the time of the war, because of the combination of British and other ships engaged in the service in competition with us, we were unable to carry coffee at all.

The CHAIRMAN. On account of their deferred rebate system?

Mr. SLECHTA. Absolutely.

Mr. ROWE. Do you get a complete load each way?

Mr. SLECHTA. We do now; yes.

Mr. ROWE. In normal times?

Mr. SLECHTA. In normal times. Our boats were always able to go down to Brazil loaded, but they came back very largely empty.

Mr. HARDY. Largely because you were not allowed to haul coffee?

Mr. SLECHTA. Not because we were not allowed to, but because the shippers were tied up with other contracts.

Mr. HARDY. That is what I meant by "not allowed to."

Mr. SLECHTA. Yes; and although we offered to carry the coffee at half the rates of the so-called "foreign" lines we could not get the cargo. Now, the shoe is on the other foot.

The CHAIRMAN. Our investigation showed that very fact and that is the reason we barred rebates in bill 450, and I hope we will in this bill.

Mr. SLECHTA. As a matter of fact you know, Judge Alexander, that the United States District Court practically turned down that proposition of prohibiting rebates in a hearing that extended something over a year in New York. It was a suit against the Prince Line et al., in which they practically supported the contention of those lines that they had a right to pay those rebates.

Mr. ROWE. Why don't you tie them up now in a rebate agreement the same as the other companies did? They have to ship by you to-day everything they have for the United States.

Mr. SLECHTA. We are satisfied to take the advantage we have, and the fact that we have neutral steamers that pay very much lower rates of insurance than the English steamers, and consequently get a preference. The fact of the matter is we are not in a position to do that because we have no service to Europe, and all of our competitors have an interest at least in lines that have a service to Europe as well as to the United States. And as I explained in this committee room once before, and also in the hearings in New York before the district court in the suit referred to, most of the large coffee shippers, with the exception of Arbuckle & Co., ship to Europe as well as to the United States, and if they are not willing to enter into a rebate agreement with the steamship company, owner, or operator, he says:

Very well, we will carry your coffee at a low rate or you can ship it by anybody else you want to, and we will give you the benefit of the minimum rate to the United States; but we won't give you any room at all to Europe.

Mr. HARDY. That decision you spoke of was a decision made by the court largely because there is no law governing or attempting to affect the question?

Mr. SLECHTA. I should assume so; yes, sir.

Mr. EDMONDS. That is rather a peculiar situation, is it not, for the Government to finance the coffee crop and then it can not turn it over to its own steamship line?

Mr. SLECHTA. Yes; a very peculiar situation. I have repeatedly done everything I possibly could to make the Government see the importance of giving its own line certain benefits which will give it cargo.

Mr. EDMONDS. And besides financing the crop they let the steamers come up here and lose money on the trip rather than give them the cargo.

Mr. SLECHTA. It is a peculiar situation; I agree with you.

Mr. CURRY. Do the other lines carry cheaper than you do?

Mr. SLECHTA. No; that is just the point. The rates on coffee immediately preceding the war were 50 cents a bag. We had offered for more than a year to carry it for 25 cents and we could not get it.

Mr. CURRY. That is a peculiar situation where the government controls the coffee crop, owns the steamship line, and the steamship line will carry the coffee cheaper than private corporations.

Mr. SLECHTA. There are very good reasons.

Mr. CURRY. There must be very good reasons.

Mr. SLECHTA. There are good reasons. In the first place, the Brazilian Government is very much, I would not say afraid, but they are dependent upon the facilities of the larger steamship companies running from Europe for a good many things—passenger accommodations and good connections with Portugal and Spain, and all that sort of thing. And they are afraid really of reprisals.

Mr. CURRY. Those ships from Spain and Portugal are not going to run from Brazil empty?

Mr. SLECHTA. No; but they threaten, at least, to withdraw the facilities, that they won't call at Brazil, but will go to Argentina and China.

Mr. CURRY. It seems to me a government that has the energy to go ahead and have a valorization system on the coffee crop and that says to an outsider you can not come in and plant coffee, that says to the man who wants to plant coffee he shall not increase his crop, that he can only plant a coffee plantation of a certain limited size, that takes care of the surplus, and that owns its own steamship line which will practically carry the coffee cheaper, will permit a bluff of that kind to be run on it by a steamship company. That does not look hardly reasonable; there must be something else.

Mr. HARDY. It does not look reasonable, but, notwithstanding, it is the fact.

Mr. SLECHTA. It does not look reasonable, but it is the fact.

Mr. EDMONDS. Does not the Brazilian Government have contracts with these other lines by which it pays some subsidy?

Mr. SLECHTA. No, sir.

Mr. EDMONDS. How about the Italian line?

Mr. SLECHTA. With the Italian line there is a contract of very recent date with reference to some immigration service, I believe. It has nothing to do with cargo.

Mr. EDMONDS. "A contract signed in September, 1912, between the Brazilian Federal Government and certain Italian steamship lines for a freight and passenger service between Italy and a number of

Brazilian ports; the subsidy for the service being fixed at approximately \$20,000 per round voyage, two-thirds to be paid by the Federal Government and one-third by the Government of San Paulo."

Mr. SLECHTA. Yes; I recall that.

Mr. HADLEY. From what are you reading?

Mr. EDMONDS. From a British Government report on bounties and subsidies published in 1913.

Mr. SLECHTA. As a matter of fact, the Italian lines had nothing to do with the case in point, because they do not carry coffee: they do not go to the ports where they have coffee.

Mr. EDMONDS. Why was the Government of San Paulo to pay one-third?

Mr. SLECHTA. Simply because they wanted the immigrants.

Mr. CURRY. Could you explain this valorization scheme in regard to coffee in relation to shipping?

Mr. SLECHTA. I do not think it has any relation to shipping.

Mr. CURRY. It seems to me to have with its own Government-owned line.

Mr. SLECHTA. No, sir. As far as I know—I was in Brazil at that time; I was American consular officer in Rio and followed that question very closely, indeed so closely that I nearly lost my job on account of the article I wrote on coffee valorization.

Mr. CURRY. Is it not a fact that most of the money in the valorization scheme is English money and some United States money?

Mr. SLECHTA. Yes; about one-fifth of it is Government money, I believe, or was, and it is four-fifths European. And that is purely a matter of financing; it has nothing to do with the general policy of the Government in undertaking the valorization scheme.

Mr. CURRY. I do not suppose that the valorization scheme has any relation to shipping put down on a piece of paper, but it seems to have some influence.

Mr. SLECHTA. I do not know of any way in which it can be connected with the matter of shipping. The Brazilian Government; that is, the Government principally of the State of San Paulo, and the Federal Government, said "We will buy this coffee," and they did. They bought up to nearly 9,000,000 bags of coffee of the crop year of 1908.

The CHAIRMAN. How many pounds would that be; how many pounds in a bag?

Mr. SLECHTA. One hundred and thirty-two. It was approximately 9,000,000 bags of coffee. When it started it accepted only 3,000,000 and it found it had no effect in any way so far as controlling the price and they had to buy up to 9,000,000 pounds. That made so gigantic a proposition and involved so much money that before long they had to have recourse to foreign means and to get the Federal Government to back them up in it.

Mr. HARDY. Then they had to negotiate with private capitalists, the Morgans of this country and European countries, to carry the business very largely?

Mr. SLECHTA. Exactly.

Mr. HARDY. And they sold bonds at 5 per cent and agreed not to keep them outstanding only a certain length of time and will probably wind up with a loss.

Mr. SLECHTA. Any undue interference on the part of the Government with the laws of supply and demand, I believe, except in rare instances, in any such scheme is doomed to failure.

Mr. HARDY. But you rather admit that the conference lines interfered considerably with the matter of freights and tonnage.

Mr. SLECHTA. I say, in exceptional instances. It is a question there whether they have interfered with it.

The CHAIRMAN. The immediate effect of this agreement between the conference lines was to affect the price. You say you offered to carry the coffee for 25 cents a sack?

Mr. SLECHTA. Yes.

The CHAIRMAN. And they were paying the conference lines 50 cents a sack. That was a direct violation of the law of supply and demand.

Mr. SLECHTA. Fifty cents a sack is about the right price that it ought to be worth to carry it, and it is worth that.

Mr. CURRY. But, still, the Brazilian Government, that owned its own line, was not in a position to take advantage of that low rate. There must be a cause there, somewhere.

Mr. SLECHTA. It could not go to the shipper and say, "Here, you have got to give us the trade; we can compel you to." The only way to do is to put certain restrictions upon the other shipping companies, and say, "Here, we won't let you come into the port," and allow absolute freedom in shipping the cargo.

Mr. CURRY. As far as that is concerned, it looks to me that practically the capital of Europe controls the coffee business and the shipping business of Brazil, notwithstanding Brazil owns its own shipping lines. For instance, there just comes to my mind the proposition of the Argentine Republic which owns its water front, and it is supposed to be a public utility; but the Argentine Republic can not do anything with its water front, for the reason it is financed and developed by British capital, the same as its railroads are financed and developed by British capital and the bonds are owned by British capital.

Mr. SLECHTA. Quite true.

Mr. CURRY. And there was a contract between the Argentine Republic and the bondholders that whenever the Argentine Government thinks it can do better, it is free to do so; but before the Government does so, it has to take up those bonds. And as it has not the money and can not get the money to take up the bonds, because it is so tied up down there, although they own the water front, the British shipping interests have absolute control of it, and they have control of the railroads of the Argentina.

The CHAIRMAN. Is there anything further from this witness?

Mr. SLECHTA. I do not care to take up any more of your time.

Mr. CURRY. I would like to ask if the Brazilian Government still wants to sell its ships?

Mr. SLECHTA. No, sir.

Mr. CURRY. Not until after this war is over?

Mr. SLECHTA. The point is, they found they could not dispose of them under the restrictions they placed upon any proposed possible purchaser.

Mr. CURRY. They are rather old ships now, anyway.

Mr. SLECHTA. It is not so much that. The ships can be repaired and any ship has its price, whether it is old or new.

Mr. CURRY. Now it has.

Mr. SLECHTA. It has at any time. It is essentially a question of price, whether on account of the restrictions a tentative purchaser was willing to pay the Government's price—in the last instance at least. And they were not willing to submit to those conditions to the terms and restrictions which the Government would put upon the purchaser. And finding that out, the Government, so far as its administration at present is concerned, has decided to reject the line entirely. As a matter of fact, while I was in Rio, just a short time ago, a bill was presented in Congress authorizing the Government to dispose of the line, but it never came to a second reading.

Mr. CURRY. Was it a paying investment before the war?

Mr. SLECHTA. Immediately before the war the company was placed gradually upon a very much better basis. So far as the coastwise service is concerned, it has very little relation to the service abroad, any more than our own coastwise service. At the present time it is true that in certain lines of trade the rates have been increased on the coast here; but in general they have not. In Brazil they have not at all; the rates are just the same as they were before the war, because it is monopolized.

Mr. GREENE. Do I understand you that these terminals and services in Brazil are owned by foreign governments—the British Government, for instance?

Mr. SLECHTA. No; I did not say that. They are, as a matter of fact, in most places—not necessarily foreign capital. The dock facilities in all of those ports, which are modern dock facilities, are partially owned under the control of the Government.

Mr. GREENE. But they are not—let us say, for instance, that the Government line should be established, or that the United States Government should establish lines here. Would they have access to these terminals?

Mr. SLECHTA. They are free to anybody who will pay the price.

Mr. CURRY. Is the price the same?

• Mr. SLECHTA. The same to everybody except Brazilian mail lines. They have a certain advantage.

Mr. EDMONDS. You have not said anything at all about the regulation of our rates in this bill. Have you read those regulations over?

Mr. SLECHTA. Yes; I have read those provisions in the bill.

Mr. EDMONDS. Have you anything at all to suggest in connection with those provisions?

Mr. SLECHTA. I do not feel competent to discuss the feasibility of putting in such provisions in the bill; but I do think it would be a very difficult thing to carry out, and I feel it would discourage foreign capital from carrying on transportation facilities. I think it would bring us reprisals from foreign countries.

The CHAIRMAN. We could not prevent abuses?

Mr. SLECHTA. Not necessarily that; but, for instance, at such time as this, take our own case. If the Government were to step in and say "Here, you can not increase your rates now," simply to cause the demand for tonnage has so increased we would be forced to withdraw our service, that is all.

The CHAIRMAN. Do you suppose a shipping board, created under the terms of this bill, would not have as much sense and discretion as a steamship agent?

Mr. SLECHTA. Naturally they would not look at the thing from the same point of view. If this shipping board is to have power—

The CHAIRMAN. You mean they would pursue a policy that would divorce and deny the American shipper of a service by forcing valuable tonnage out of the trade?

Mr. SLECHTA. I am not assuming anything of the sort; no. But I simply point out the possibility of it; that is all.

The CHAIRMAN. We can imagine a great many things that might ensue if people would not exercise ordinary common sense in business.

Mr. SLECHTA. The thing I want particularly to emphasize is, that it seems a very difficult thing to do.

The CHAIRMAN. I agree with you.

Mr. SLECHTA. Our rates are changing constantly.

The CHAIRMAN. Do you think there ought to be discrimination between shippers?

Mr. SLECHTA. No, sir; I do not. I believe in regulation along that line.

The CHAIRMAN. Do you think it ought to be prevented?

Mr. SLECHTA. I think so.

The CHAIRMAN. Do you think the deferred rebate system should be prohibited?

Mr. SLECHTA. The deferred rebate system, as far as exports are concerned, is prohibited now.

The CHAIRMAN. Very well; should it not be prohibited to any vessels entering or leaving American ports if it operates to the disadvantage of our own freight?

Mr. SLECHTA. Yes; I think that too would be very difficult.

The CHAIRMAN. That is one of the powers this board might exercise under the provisions of section 9.

Mr. GREENE. We ought to have the gentleman tell us about it. You say that would be difficult. Tell us what the difficulties are.

Mr. SLECHTA. I merely mentioned that it would be a difficult thing in my opinion, because I do not know enough about it to be absolutely certain. But on my recent trip to Brazil, I was told that one line operating from a certain country to Brazilian ports pays certain of its largest shippers regular rebates and it is done in this way: This particular line has its home office in London and there is no contract existing; nothing in writing to show what those particular shippers may expect or have a right to, but every six months there is a check passed from the London office through a bank (it does not disclose, naturally, the identity of the person who makes the deposit with the bank) to those shippers.

Mr. HARDY. That is the old process that used to be used with the cattlemen shipping car loads of cattle on the railroads.

Mr. SLECHTA. Absolutely.

Mr. HARDY. It took a great deal of trouble to break it up, but we finally did break it up.

Mr. SLECHTA. But here you have of necessity the investigations in foreign countries.

Mr. HARDY. Oh, I admit the difficulty is greater because the field is wider and the evidence is a little more difficult to get.

Mr. SLECHTA. Yes; absolutely.

Mr. HARDY. But, if under our laws, we find a man in Brazil who ships coffee to London, and that man is tied down by an agreement that they will hold deferred rebates on his shipments to London so as to prevent him from securing some desirable carrier to New York, we have got to get at it in some way or else confess our inability attached to the whole question. Is not that about it?

Mr. SLECHTA. I am perfectly willing to concede and to emphasize the importance of such legislation, but that does not prevent me from expressing my views as to the difficulty of doing it.

The CHAIRMAN. We agree with you that it is difficult. But aside from how this commerce shall be carried, if we are going to promote our foreign commerce we have to do all we can to protect the American shipper in that regard, must we not?

Mr. SLECHTA. Yes; I think so.

The CHAIRMAN. Is there any objection to clothing this shipping board with power to do that as far as they may?

Mr. SLECHTA. I have no views to express on it as far as being opposed to it.

Mr. EDMONDS. One of the reasons for this bill, as I understand it, was to bring down the freight rates.

Mr. SLECHTA. Yes.

Mr. EDMONDS. If any attempt was made by this board at the present day to bring down freight rates it would simply result in the tonnage going from our country and being used in some other service, would it not?

Mr. SLECHTA. Absolutely; that is my opinion.

Mr. EDMONDS. Mr. Baker, in his book, states that we should have a maximum freight rate and the board should be allowed to make a minimum freight rate underneath it, which I presume is the understanding of the framers of this bill. Therefore the board would set the maximum freight rate and, in special cases, would make a minimum rate. Now, if we are going to bring down freight rates the board necessarily would have to make that freight rate very much below the exorbitant freight rate that is being made to-day, and naturally the tonnage would then go in other lines and would not come to our ports at all.

The CHAIRMAN. I assume this committee in any legislation it proposes along that line would undertake to carry out, as nearly as they may, the recommendations in our report in the Sixty-third Congress. I assume that would be our wish, because I believe those recommendations are sound.

To go to work and undertake to limit the power of the board specifically, in every possible direction, would be unwise in my judgment.

Mr. SLECHTA. Speaking of the control of freight rates in any way, in so far as reducing them is concerned, let me cite an illustration that may possibly illustrate to you the result that such control might have in some cases. One of our competitors in the Brazilian service at the present time is the United States Steel Corporation, because they run a subsidiary line which they call the United States & Brazil Steamship Co. Recently they have been diverting such steamers as they could charter, and two of their steamers have been chartered

cently from the American-Hawaiian Line, and the purpose is to use those steamers that have been diverted in their own business. In fact, we ourselves have chartered one or two of them for carrying coal to Brazil, simply because we did not want them delayed by waiting for cargo in New York. A few days ago they chartered the *Alumbus*, which is a steamer of about 10,500 tons, one of the narrow boats of the American-Hawaiian Line, and paid \$122,000 a month for it. That steamer cost between \$600,000 and \$700,000. You can see that the American-Hawaiian Line within six months, which is the term of the charter, will be able to build a new vessel from what she will earn on that one. Within a week another vessel of the same type was chartered by the American-Hawaiian Line to the United States Steel Corporation for the same business for \$146,000 a month. The rise in one week from the increased demand represents \$24,000. That difference alone is fully twice what that steamer would bring in normal times.

The CHAIRMAN. They want that steamer for what purpose?

Mr. SLECHTA. They want it for carrying manganese from Brazil.

The CHAIRMAN. To what place?

Mr. SLECHTA. To the United States.

The CHAIRMAN. To use for what purpose?

Mr. SLECHTA. As a matter of fact the stuff is sold in the open market in Philadelphia. But the point I wanted to make is that there you have an American company reaping a tremendous profit from the operation of its boats in that service. They were withdrawn from the Panama Canal service because the Panama Canal is closed and they did not wish to run around the Horn, and so it is taking the money and putting it in the bank. Very well. Does the Government propose to do anything which will prevent those companies, such as the American-Hawaiian Line, from obtaining that maximum return and taking advantage of conditions over which they have absolutely no control? The American Steel Corporation is certainly not a philanthropic institution. It goes to them and says "we want your steamers and will pay any price you want for them." That is practically what it amounts to. And this bill proposes to put boats in competition with the American-Hawaiian Line? I do not say that in the way of criticism, but simply to point out one possible result.

The CHAIRMAN. We had a gentleman before this committee the other day representing the American Cast Iron Pipe Co., of Birmingham, Ala. A contract is to be let in Argentina about the middle of this month, I think on the 14th, for 26,000 or 28,000 tons of water pipe. His company wants to bid in competition with the British companies. Do you know where he can get the tonnage at any price?

Mr. SLECHTA. Surely. He can get tonnage just the same as the Steel Corporation is getting that tonnage that I refer to now.

The CHAIRMAN. He says that the lowest rate they would quote would be \$30 a ton, and they would not guarantee him tonnage at that price.

Mr. SLECHTA. He can charter boats if he wants to, if he wants to pay the price.

The CHAIRMAN. What price?

Mr. SLECHTA. As I say, that is an illustration that the present price is anywhere——

The CHAIRMAN. You have not any vessels on your line that are now available?

Mr. SLECHTA. We do not run to Argentina.

The CHAIRMAN. Do you know of any vessels for charter that could be gotten for \$12 to \$15 a ton? That is what the British shipping interests are quoting to their manufacturers—a price of about \$12 to \$14 a ton; and the lowest price he can get is \$30 a ton.

Mr. SLECHTA. How does he know that the British manufacturers are getting that?

The CHAIRMAN. Because he has investigated it.

Mr. SLECHTA. I do not believe it.

The CHAIRMAN. I do.

Mr. SLECHTA. I do not, because I know too much about freight rates from England to South America.

The CHAIRMAN. He has investigated it, and his company has investigated it.

Mr. CURRY. Do you not think, possibly, that condition might have been brought about by the fact that British manufacturers, importers and exporters, have an interest in their merchant marine?

Mr. SLECHTA. No. That is true in a very few cases. In the coal trade there are certain large shippers of coal in Wales who have interests in steamship companies. But, so far as the manufacturing interests of Great Britain, as a rule, are concerned, they have very little interest except as ordinary investors in steamship companies. So far as the management of them are concerned, they have no interest in them whatever. The British steamship agent is the freest man in the world, and he takes the highest amount of money wherever he can get it. That has been my experience.

Mr. CURRY. It is a fact, is it not, that the importers and exporters and manufacturers do invest in the minority stock of the merchant marine, but they do not have any controlling interest?

Mr. SLECHTA. That is possible. The steamship business is one of the most prolific sources of investment and revenue in Great Britain, of course.

Mr. CURRY. The board of trade looks out to see that their manufacturers get the advantage?

Mr. SLECHTA. Yes; but my explanation of the point Judge Alexander has raised is this: It is true that in a great many instances rates from Europe at the present time are lower than from the United States. That they are as much lower as you point out, I do not believe.

Mr. CURRY. We have abundant proof that the British manufacturer gets the advantage.

Mr. SLECHTA. Personally, I am very much interested in the subject, and I do not believe there is any discrimination; but the explanation of it, as I said in the beginning, the exports from Europe to South America have fallen off tremendously because, in the first place, prices have been increased, and, in the second place, many manufacturers have devoted their productive capacity entirely to the production of munitions of war. There are certain things which they can not sell, and there are certain other things on which the prices have increased very greatly, and they can not buy them in

with America. But there are several large steamship lines operating largely for the benefit of the passenger service and for which other business is available, like the Royal Mail Line, the Pacific Mail Navigation Co., the Italian lines, one of two French lines which still operate, and two Spanish lines, to the seacoast of South America run largely because of the passenger business. There is an enormous passenger business; not so much now, but before the war they had a very large passenger business of the class of immigrant level. Those boats they are running now because there is no other use for them to run; they are passenger boats, and for whatever cargo capacity they have they offer the space at low rates because the supply of tonnage exceeds the demand, comparatively speaking. For instance, the conditions in the transportation business from the United States to South America—

The CHAIRMAN. Here is what Mr. Lake said; see if his information is entitled to more weight than the opinion you have just now expressed. I am reading from his statement before the committee:

As we anticipated, our president has cabled us to find out what can be done the way of freight, so that he can make quotations. In order to know what we have to do to meet competition, Secretary Redfield, at our request, led to Mr. Baldwin, our commercial attaché, in London, to ascertain what freight rates are on cast-iron pipe from British ports to Argentina at the present time. Mr. Baldwin cabled, in reply, that the basic rates prevailing from \$14 to \$15 a ton. Since this cable was received our Mr. McWane has advised that the British foundries were working with British steamship lines, and would keep us out if they could.

He said the lowest rate he could get quoted from here was \$30 a ton.

Is there anything else you want of this gentleman; we have another gentleman here this morning who wants to be heard?

Mr. GREENE. Suppose you reply to the chairman's question.

Mr. SLECHTA. I think what I have already said is about the only answer I can make to that; and that is, while it may be true that steamship people are assisting the manufacturers there to get their business, it is simply because they want to fill the steamer space. They have the room and have got to run those steamers down there anyway; it is not because they want to shut out the American manufacturer, because those lines have no service from the United States.

Mr. ROWE. Your steamship company frequently makes very low rates?

Mr. SLECHTA. Yes, sir. I can refer to half a dozen large manufacturers who will assure you we have given them rates frequently in competition with European manufacturers and in order that they should get the business we have cut them below reasonable rates.

Mr. HARDY. I think you made the remark as applied to normal times just now when you said in fact the freest agents in the world were the English shipping companies and they went where the market called them.

Mr. SLECHTA. Absolutely.

Mr. HARDY. That it was the fact prior to this condition existing now. And what the European governments are going to do to compel their ship lines to favor their own commerce hereafter is another question.

Mr. SLECHTA. I agree with you there just now.

Mr. HARDY. I believe our investigation of the shipping combination shows that the shipping line hunted the money, and that was all.

Mr. SLECHTA. Yes; I quite agree with you.

Mr. HARDY. That is a different situation now.

Mr. EDMONDS. Mr. Chairman, I would like to ask the gentleman a question. If normal times returned and if this board places in commission between here and Brazil a regular running freight and passenger line, would we be able to build up traffic with Brazil itself for exports from this country a sufficient quantity of traffic to guarantee the running of that line?

Mr. SLECHTA. That is a pretty difficult question to answer.

Mr. EDMONDS. Then, I will put it in a little more concrete way. Will your steamship line buy coal from this country after the war is over or will they buy coal from Wales as they have heretofore?

Mr. SLECHTA. That is something that can not be fully guaranteed, but, personally—the point is, after the war is over, are they going back to England for it?

Mr. EDMONDS. It is not a question of price at all?

Mr. SLECHTA. Yes; it is, too.

The CHAIRMAN. In other words, will they pay \$3 to \$4 a ton for coal there rather than \$2.80 a ton here?

Mr. SLECHTA. In the first place, there is that condition which I referred to as the interest of certain people, who have the coal trade under their command not only in Wales but in Brazil, large coal companies with deposits in Brazil and the same companies more or less control the tonnage and they can make the freight rates to suit their own convenience.

Mr. EDMONDS. Within the past 20 years the coal men of the United States have endeavored to capture the Brazilian business. There was no trouble in price, no trouble with freights, and no trouble in getting the boats.

Mr. SLECHTA. There was trouble in getting the cargo even before.

Mr. EDMONDS. They had no trouble in sending full cargo freights there; but we found when we got down there that our coal was condemned by foreign employees of the different steamers. I have talked to a man, who has been in San Paulo for a number of years, he lives in my neighborhood, he secured and had charge of the building of a large electric plant down there, and he has had charge of it since it was built. He tells me you can not overcome the objection that is made to the quality of American coal—unfairly, I claim.

Mr. SLECHTA. There is no doubt about it.

Mr. EDMONDS. Nevertheless, they have foreign employees in those places, who are sent there by those companies, and, of course, capitalists have paid out money for construction in different lines.

Mr. SLECHTA. There are companies in Brazil that use an enormous tonnage of American coal and they claim that they get the same efficiency—now that their firemen have learned to fire American coal—that they get from Welch coal.

Mr. EDMONDS. I say it was unfair competition, there was no question about that. But our coal men gave up sending coal down there for the simple reason they did not want to have to send a man down there after every cargo to show the men how to burn it or else have it condemned.

Another thing I want to ask you as an American and not as the representative of the Lloyd-Brazileiro, and that is this: Do you approve of taking Porto Rico out of the coastwise traffic or do you think that we ought to retain it for our own coastwise ships?

Mr. SLECHTA. It is pretty difficult for me to answer that unofficially, because I am somewhat interested in it, as a matter of fact, not personally, but on behalf of our company. We have just recently changed our schedule for call from Barbados to Porto Rico, for the reason that the freight rates on coal carried in American boats, although the American boats have a monopoly of the coastwise service, is so much lower than it is in foreign boats.

Mr. EDMONDS. Your line, I can naturally understand, would be very glad indeed to carry freight to and from Porto Rico and have it opened up to ocean traffic; but as an American would you like to see Hawaii or Porto Rico, as a shipper—

Mr. SLECHTA. No; I do not think it would be a good thing.

Mr. EDMONDS. You would not want to see Porto Rico and Hawaii taken out of the coastwise trade?

Mr. SLECHTA. I do not think that ought to be done. Hawaii and Porto Rico are a part of the United States. Why not cut Florida out, or San Francisco?

Mr. EDMONDS. You think they ought to be retained as they are to-day?

Mr. SLECHTA. Absolutely.

Mr. EDMONDS. And Alaska, of course?

Mr. SLECHTA. Yes; they ought to be on the same basis. If it is desirable to give the coastwise business to foreign boats in any part of the United States, give it to all.

The CHAIRMAN. American ships sailing from here to South America ought not to be permitted to carry freight to or from ports in the United States or Porto Rico?

Mr. SLECHTA. I do not think that; no.

The CHAIRMAN. That is what he wants you to say.

Mr. SLECHTA. No.

Mr. EDMONDS. I am talking about foreign ships, Judge, and you know I am, too.

The CHAIRMAN. There is no suggestion here that foreign ships will do it, but just American ships under the American flag. I am opposed to foreign ships doing that, just as well as you are.

Mr. EDMONDS. I know you are, and I want to bring it out, because I know you are opposed to it; but I call attention to section 4, on which Secretary Redfield said it does give that right to foreign ships.

Mr. CURRY. Do you know the net loss sustained by the Brazilian Government in running a Government-owned line?

Mr. SLECHTA. Do you refer to the entire line—the entire service—coastwise as well as New York?

Mr. CURRY. You can take both together if you wish to.

Mr. SLECHTA. As far as the New York service is concerned, during the last eight years we have probably come out about even. In the coastwise business, since the war started—since the Government took it over—they have been able to just about break even, I believe; and especially since the war started. They do not differentiate closely enough between receipts from the American line and from the coastwise business so that I can say.

Mr. CURRY. They lump both together?

Mr. SLECHTA. They have to, because our boats that run from New York also carry cargo coastwise in Brazil.

Mr. CURRY. You think you come out about even?

Mr. SLECHTA. I think so.

Mr. CURRY. Without charging anything off for depreciation?

Mr. SLECHTA. Yes; exactly.

Mr. RODENBERG. But you have no figures on that and do not know definitely?

Mr. SLECHTA. I have the figures published by the Government; but they are not closely enough analyzed so that a steamship man could really say.

Mr. HARDY. Does the Brazilian Government for the Lloyd-Brazileiro permit those ships to be bought anywhere it can buy them cheapest, or must they buy ships built in Brazil?

Mr. SLECHTA. They do not build any ships in Brazil, practically.

Mr. HARDY. They buy wherever they can get them the cheapest?

Mr. SLECHTA. Yes; they bought all of them.

Mr. HARDY. But you would feel very much opposed to limiting those ships engaged in the American lines and refusing to let them touch at intermediate points and get cargo?

Mr. SLECHTA. I do not see why that handicap should be placed upon American ships engaged in the foreign trade.

Mr. HARDY. Exactly. You think American ships, under the American flag, owned by American citizens, should be allowed to call on their whole course and to load and unload cargo?

Mr. SLECHTA. I certainly do.

Mr. EDMONDS. You mean an American-constructed ship?

Mr. SLECHTA. I would not say that. I am thoroughly in favor of removing every restriction upon increasing the American merchant marine. If they can buy ships cheaper somewhere else, if they can build ships cheaper somewhere else, or if they can man ships cheaper somewhere else, that is the way I am willing to operate.

Mr. EDMONDS. You want an American-owned ship to stop wherever it wants, when it leaves New York, along its route?

Mr. SLECHTA. Exactly. The Chicago, New York & St. Paul are more British, as far as capital is concerned, than they are American.

Mr. GREENE. Would you believe in keeping foreign officers on those vessels?

Mr. SLECHTA. I would not say officers; no. I think they ought to have American officers—at least Americans or those who intend to become Americans and have declared their intention to become Americans.

Mr. GREENE. That is, you would not favor putting vessels we happen to buy helter-skelter under foreign officers who happen to be running them at that time, would you?

Mr. SLECHTA. It is a question of expediency, possibly. If we had the right kind of American officers, I would give them the first chance.

Mr. GREENE. There was evidence furnished that there were an ample number of officers waiting for a berth, but they did not get it.

Mr. SLECHTA. Of course, I think it is a pretty difficult proposition. I think it would be a little bit unreasonable to insist the

nute the ship was transferred from the British flag to the American flag that those officers should lose their positions to Americans not simply because Americans were given the positions as officers. I think there ought to be a certain time given for the owners to transfer and change their officers.

Mr. GREENE. You would not think they ought to be given seven years' time, would you?

Mr. SLECHTA. No; I do not. I think six months or a year would be ample.

Mr. GREENE. I would not give them seven minutes.

Mr. SLECHTA. That is a matter of opinion, of course.

STATEMENT OF JAMES L. COWLES, PRESIDENT OF THE WORLD POSTAL LEAGUE.

I am the president and treasurer of the World Postal League, an association located at 810 Colorado Building, Washington, D. C., and having for its purpose the establishment of a United States of the world—with no more legal barriers to intercourse between the different States than now exist between the States of our Union and bound together by a great postal service—international postal transports, international postal cables—a service covering the entire machinery of public transportation and transmission, earth, air, and sea, a service supported by low, uniform tolls, door to door everywhere within the system of mechanical transport.

COOPERATION VS. COMPETITION.

The most of the evils of our time have come down to us, I believe, from the days when the common trade of mankind was that of the hunter, and business consisted chiefly in exchanges of blows with club and battle-ax. Fear, death-dealing fear, checked all human advancement.

In those days each man differed from the other, chiefly as do the beasts and birds of prey, in brute force and in cunning; the lion and the eagle were the loftiest of human ideals; "Might was right" and the most successful killer was king.

To the men of that era, the earth was a great plain, broken here and there by lofty mountains, impassible rivers, and vast unknown oceans; but yet a plain producing everywhere the same things—other animals or other men upon whom the superior lion or eagle might prey.

Creators of nothing, exploiters neither of the forest, the field, or the mine; when for any cause the needed supply of prey failed in any particular hunting ground, the only recourse left to the hunter was to die or to kill and eat his neighbor and his neighbor's prey. Meat was the common diet, and whether brute or human, fish or fowl, was a matter of little moment. All men were cannibals.

In those good old times the roads were trails, and on this Continent, in lack of other burden-bearing animals, land transport even late as a hundred years ago, rested chiefly on the back of the Indian women, the hunter's wife. Here each man's gain was indeed another man's loss, and each tribe was perforce its neighbor's enemy.

Here, competition "The survival of the superior beast or bird of prey was the common law, brute and human."

In the East, on the other hand, the horse, the ox, the ass, the camel, and the elephant, long ago relieved the woman somewhat from her degradation as a beast of burden, and the wise men of the East, taught by their mothers other trades than that of the hunter, early conceived the truth that "Competition"—the law of the brute—did not, of necessity, apply to man.

In the slow development of the divine attributes that separated them from the brutes, the Eastern sages, becoming, in a measure, creators—sons of God, exploiters of field, forest, and mine, discovered in the benefits arising from the exchange of their creations that cooperation might be, or at least might become, the law of human life, and that mankind might live as brothers.

The comparatively safe navigation of their mid-earth seas favored these civilizing ideas, and when it was found that the earth was a sphere, with infinite varieties of soil and climate, each part adapted to the cultivation of products that satisfied the other's needs, then it became evident that the realization of the Prophet's dream only awaited the inventor's deed.

The deed is well-nigh done. The Indian woman, dragging her painful way along the forest trail, has given place to the electric car on the T-rail: the dugout and the sailboat have given way to the steamboat and the steamship; the wireless telegraph and telephone have taken the place of the signal-fire; the carrier pigeon has given place to the airship. The natural obstacles to human intercourse are on the verge of annihilation.

The main lines of the world's great circulating and nervous system that is soon to transform the old hunting grounds of the cannibals to the abode of the sons and daughters of God—each by virtue of his or her divinity, the superior and therefore the complement of the other—the main lines of this greatest of human creations are already built.

The land, water, and air lines—railway, trolley, auto, and airship lines—motor-boat, steamboat, and steamship lines, telegraph and telephone lines, wire and wireless of our modern world are its circulating and nervous system, and the ocean transports of to-day are a most essential part of this mechanism.

Upon the construction, maintenance, and operation, and upon the taxes levied for the use of this life-determining mechanism, more than upon anything else, does the general economic, as well as the social and political development of modern humanity depend.

Left in the control of private speculators determining the rates for its use upon the value of the service rendered, it will become a public curse, as was the case with the *Cursus Publicus*, the transport service of Imperial Rome.

On the other hand, managed by public servants, with rates for its use determined on the cost of the service rendered, or, it may be, run absolutely free and supported by the taxation of the districts which it serves and to which it gives practically all their commercial value, every step in its improvement will be for the common advancement, with the result that in the course of time this old, warring earth may become a bit of Heaven—a home in which every human being shall find delight in the service of the other.

Competition between the different parts of this great mechanism as absurd, as wasteful, and as harmful as competition would be between the arteries, veins, and nerves of the human body.

In recent years Congress, State legislatures, cities, and towns have expended hundreds of millions of dollars of the hard earnings of our common people in railway, trolley, river, and harbor improvements, which, under the control of our great circulating and nervous system by private speculators, have often resulted in increased rates of transportation, increased cost of living, and lessened opportunities for getting a living.

Notwithstanding the scores of millions of dollars spent for the improvement of navigation upon the Great Lakes, the rail, lake-and-rail rate on flour and mill stuffs from Minneapolis to New York City is 3 cents a hundred pounds higher than it was 15 years ago—23 cents to-day, as against 20 cents in 1899.

And the same thing is true as to ocean transportation. The Merchant Marine and Fisheries Committee of the Sixty-third Congress informed us that in the four years previous to the European war the speculators controlling trans-Atlantic trade had increased their rates, in some cases over 100 per cent; this in spite of the fact that during the same period the public on both sides of the Atlantic had expended immense sums for their harbor improvements.

Great, however, as were the enormous taxes levied upon the general public by the world's ocean-transport speculators before the war now raging in Europe, they were as nothing compared with the taxes now levied by them upon our suffering world, in some instances seven times as much as they were 12 months ago. Some of their vessels are said to have paid for themselves in a single trip.

POSTAL TRANSPORTS.

If the world is to receive any adequate return for the \$100,000,000 of labor expended on the Panama Canal, its business must be run not by private speculators, for private profit, as our land service is run to-day, but by the representatives of the Americans who have built the canal for the common welfare.

The private speculators now controlling the world's ocean traffic tax our Government for the transport of our mails across the Atlantic, by steamers not under contract, United States register, letters sealed parcels) 80 cents a pound, \$1,600 a ton; on other mail matter (unsealed parcels) 8 cents a pound, \$160 a ton; foreign register, letters, 35 cents a pound, \$700 a ton; other matter, 4½ cents a pound, or \$90 a ton—the cost to the steamships being the same in either case.

Under its mail contract, New York to Southampton, \$4 a mile, regardless the mail handled, the International Mercantile Marine Company levies a tax of over 15 cents a pound, over \$300 a ton on all the mail carried. Similar taxes are levied upon our Government in all our ocean mail traffic, and yet the express companies doing business between New York and London serve their large patrons at less than \$20 a ton. With Government-owned ships, the business might well be done for less than \$10 a ton.

A weekly naval mail line of well-equipped fast steamers, ocean postal transports, the best of their kind upon the ocean, run by officers

and men of the American Navy between New York and San Francisco, at rates determined not on what might be exacted from the public but on the cost of the service rendered, would be an object lesson as to the possibilities of a Government-owned merchant marine that would astound the world. The establishment of similar lines jointly owned and operated by this country and the States of South America would be great steps toward the advancement of the world's peace and the world's prosperity.

The United States of the world, with all legal barriers to intercourse between the different States abolished, and all physical barriers overcome by a world postal service covering the entire business of public transportation and transmission—"the parliament of man; the federation of the world," the dream of the poet Tennyson in 1842—is, we hope, to quickly follow the close of the European war.

Inaugurated in 1874, by Dr. Stephan's establishment of an international 5-cent half-ounce (soon to be 2 cents an ounce) letter post, it remains to so extend this great service that within a few brief years the weakest hand, the most timid voice may reach to the ends of the earth and command its richest treasures.

The advantages to follow the abolition of the legal barriers to intercourse between the nations have been conclusively proved by our own history.

The benefits that would accrue from a world-wide system of door-to-door, low, uniform postal tolls have been clearly demonstrated in our 50-year-old flat letter post, our 30-year-old flat rate magazine and newspaper post, in the flat-rate commodity service of our continental railroad traffic and in the flat-rate passenger service of our city trolley lines.

When our public transport machinery is run by the public authority, with the public convenience, the public security, the public prosperity, its sole aim, the service will be infinitely safer, better, and less expensive than to-day. The voters, equal joint stockholders in our great public business, will not submit to slipshod management or to public plunder. Ultimately, the service will be absolutely free and will be supported as our common highways and bridges are supported to-day, by the taxation of the districts which the machinery serves, and to which it gives their commercial value. While, however, it is supported by tolls, it will be insisted that these tolls shall be altogether regardless of distance, and as to merchandise or produce shall be determined simply by the weight of the parcel carried and the space it may occupy. As to any special care received, that will be a matter of insurance.

If the *Titanic* had been a postal transport owned and operated either by the United States or Great Britain, or by the two countries in cooperation, she would hardly have met her fate running at 25 miles an hour among the icebergs, for a speed record intended to win the patronage of a few wealthy travelers, a large part of whose expenses are paid by their humbler friends in the steerage.

Our National Government—the great joint-stock corporation in which every voter has an equal share—is the only power that can be safely intrusted with the ownership and operation of the circulating and nervous system of our national life.

The substitution of electricity for steam in land transportation is cutting down the cost of the business full one-half. Similar improvements in water transportation are producing similar results.

On the St. Paul Railway in Montana the electric engines will do away with hauling coal, coal-storage yards, and water tanks, and will lengthen the present freight divisions of 100 miles to at least 200 miles. Their freight locomotives now in use haul 1,650 tons at a speed of 8 to 10 miles an hour. The electric locomotives are expected to haul 2,500 tons at 15 to 20 miles an hour. On the down grades the motors will be reversed, thus acting as brakes and at the same time storing up power for use on the next rise. There will of course be an important saving of labor. The Diesel oil engine is revolutionizing ocean transportation.

Note the possibilities—with low-rate Government bonds substituted for the high-rate bonds and stock of private ownership, with our machinery of transportation and transmission run by electricity developed by water power or from coal at the mines and distributed by cable, with all merchandise in a common class, the countless small parcels of individual products of the old classified service giving place to a comparatively few large parcels made up of several different products, with persons and produce transported from starting point to destination over the lines of lowest grades, least obstructive curves, and shortest distance, with the machinery adapted to each particular service used in every instance, and with the lowest local rate of to-day adopted as the uniform standard rate for all distances, the schedule of our international flat-rate post office will be something as follows:

Door to door within the system of mechanical transport.

Merchandise and produce rates determined by space and weight; extra care and special service to be met by insurance. All matter to be in one class.

Bulk freight rates, \$1 per ton—40 cubic feet space.

Parcels, bulk limit up to 100 pounds, 2 cubic feet space; over 100 to 200 pounds, 4 cubic feet space.

Rates.—Sealed parcels requiring preferential delivery and special care (valuable letters, marked "preferential delivery") up to 1 pound, 2 cents.

Ordinary parcels, sealed or unsealed, up to 1 pound, 1 cent; over 1 to 5 pounds, 2 cents; over 5 to 11 pounds, 5 cents; over 11 to 30 pounds, 10 cents; over 30 to 60 pounds, 15 cents; over 60 to 100 pounds, 20 cents; over 100 to 200 pounds, the ordinary barrel, 25 cents, etc.

Transmission services.—10 cents telegrams; 3 cents telephones.

Passenger service.—Millions of passengers are transported over the Alps by the Swiss post every year.

Rates.—Local services, making all stops (like city trolley services), 5 cents a trip; express services, stopping at distances 10 to 40 miles, 25 cent a trip; limited services, stopping at greater distances or over, \$1 a trip. And the receipts will be infinitely larger than they are to-day.

Baggage.—Subject to parcel rates. Save where carried in hand, there will be no free baggage.

Special services.—For parlor and sleeping cars, as well as for freight handled in cars, heated in winter and cooled in summer, the rates will be on the same cost of the service basis.

Insurance service, quick and safe, secured by insurance against loss, damage, or delay.

With such an international postal service and with the old legal restrictions to international intercourse abolished, a new world will come into being within which war will be as unthinkable as it is to-day within our American Union.

If, however, war may come, the absolute control of our machinery of public transportation and transmission—earth, air, and water lines, national and international—will give us such an advantage over our foes that a very small army and navy will suffice for our complete protection.

Is this system of rates absurd? It is based on years of study and on principles as certain as the law of gravitation.

Gentlemen, the systems of land and ocean transportation can not be long separated. They must be joined together eventually, and they should be joined together immediately. If circumstances are for a time to keep them apart, an ocean merchant marine, a system of ocean postal transports is an immediate necessity, and our business relations with South America demand the establishment of a system of ocean postal transports jointly owned and operated by ourselves and the different States of South America, a service guaranteeing at once equality of transport rates and transport privileges to all their respective citizens as well as the joint protection of their persons and produce from attack by any outside power.

A service of this character proposed to our South American friends could hardly fail of their acceptance, and our American world would enter upon an era of peace and of prosperity such as the world has never known.

The movement, moreover, would prove so attractive that all the other nations of the world, those at peace and those at war, would hasten to bring themselves within the new cooperative world and to share its benefits.

Gentlemen, the postman is to take the place of the warman; the postal car of the field cannon; the postal transport of the man-of-war. A postal boycott will quickly bring any recalcitrant member of the great cooperative commonwealth to terms. If any outside nation should seek to prey upon any member of the cooperative commonwealth its international police, costing its members the merest trifle, will be quite sufficient to meet the situation.

Gentlemen, you may play a great part in the transformation of our old warring earth into a world cooperative commonwealth. I congratulate you upon the opportunity for world service that is before you.

SETTING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE

COMMITTEE ON MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES.

Saturday, March 4, 1916.

The committee met at 10 o'clock a. m., Hon. Joshua W. Alexander (man) presiding.

**STATEMENT OF MR. GEORGE P. HAMPTON, EDITOR OF THE
FARMERS' OPEN FORUM, BLISS BUILDING, WASHINGTON,
D. C.**

MR. HAMPTON. In 1906 and 1907, at the request of the master of the National Grange, I took charge of the farmers' fight against subsidies and more or less continuously since then, both officially and unofficially, I have kept close track of the farmers' interest in the development of an American merchant marine. As a member of the grange I wish to emphasize and indorse the position taken by the representatives of the grange who have already appeared before this committee at these hearings—Mr. Western Starr, of the National Grange, and Mr. John A. McSparran, the master of the Pennsylvania State Grange and secretary of the National Grange executive committee.

MR. CHAIRMAN. Right at this point I will ask you if the farmers of the United States are interested in the development of our merchant marine.

MR. HAMPTON. They are; and, in my judgment, they are unqualifiedly in favor of the Government ownership and operation of ships at the Government's expense.

MR. CHAIRMAN. The point I wanted to emphasize is, if it is a fact that they are interested in the development of our merchant marine, why?

MR. HAMPTON. I was going to come to that, Mr. Chairman. Mr. McSparran testified that he represented the granges of the United States. I think he could very properly have added that he not only represented the granges of the United States, but that he represented the farmers' unions of the United States; because I have here, and I would like to have placed in the record, an official report of a conference of the officers of the farmers' union and of the National Grange, which met here in Washington a short time ago and developed upon a working program. I would like to put in the whole thing—it is short—so that you will have it in the record. You will

note that it includes working for Government-owned merchant vessels as part of the program.

(The report above referred to follows.)

LEGISLATIVE COMMITTEE'S CONFERENCE WITH FARMERS' UNION.

At the call of the national master, the legislative committee of National Grange, together with several of the near-by State masters, assembled at Washington.

The members of the grange were several times in conference with the representatives of the farmers' union, and planned to work together for rural-credit legislation along the lines laid down by the national meetings of both organizations, for the establishment of a Government-owned plant for the taking of nitrogen from the atmosphere, for Government-owned merchant vessels, for a highly progressive income tax, and for the completion of the legislation to make denatured alcohol a commercial possibility at a reasonable price. It would be well for our people to get a clear understanding of the reason why we have not ere this received the benefits that were years ago heralded would follow the passage of the denatured-alcohol law.

You can do a great work toward the creation of public sentiment upon these questions if you will see that articles of value that appear in our grange papers are given to the local papers in the several communities for republication.

JOHN A. MCSPARRAN.

Mr. HAMPTON. I have also some additional resolutions here. Mr. McSparran in his testimony filed resolutions in favor of Government owned and operated ships passed by the National Grange, and also resolutions adopted by the Pennsylvania State Grange. I have here resolutions adopted by the Washington State Grange and resolutions by the Idaho State Grange in favor of Government owned and operated ships, which I would like to have inserted in the record.

(The resolutions above referred to are as follows:)

GOVERNMENT OWNED AND OPERATED SHIPS.

Resolutions adopted by the Washington State Grange, Patrons of Hushandry, annual meeting, Centralia, Wash., June 1-5, 1915:

"Whereas unregulated foreign freight rates on the staples of agriculture result in the loss of millions of dollars annually by the farmers of America, the uncertainty of such rates offering opportunity for speculators and gamblers to manipulate the domestic markets; and

"Whereas one of the most effective ways to stabilize such rates and to prevent these great losses to the farmers is to establish lines of ships from all the principal ports of the United States to all foreign countries, such ships to be owned and operated by the Federal Government: Therefore

"Resolved, That we favor the building up of a Government owned and operated merchant marine, with free ports of entry to all ships of such merchant marine."

Resolutions adopted by Idaho State Grange, annual meeting, January, 1916:

"Whereas the farmers of Idaho and other Pacific States are vitally concerned in adequate steamship service to give us a profitable outlet for our surplus crops; and

"Whereas facilities for ocean delivery to our eastern and foreign markets are at present highly unsatisfactory, and under the present system of operation no real relief being in sight: Be it therefore

"Resolved, That we favor the enactment by the Congress of the United States at the present session of a law, the purpose of which shall be the establishment of a merchant marine by the Government. Such action would bring great commercial benefit to the farmers of this State, and our legislative committee is hereby instructed to take the matter up with our Representatives in Congress."

Mr. HAMPTON. In addition to these resolutions the American Society of Equity, the third largest farmers' organization in the United States, has adopted similar resolutions; as has also the Tri-State Grange Growers' Association at their annual convention held at Fargo, N. Dak., and the Farmers' Cooperative Association of South Dakota in annual convention, Watertown, S. Dak. These meetings have all taken place lately. Similar action is being taken by the farmers' organizations throughout the country.

Mr. GREENE. May I ask you a question there?

Mr. HAMPTON. Certainly.

Mr. GREENE. Are these resolutions all in the same form and in the same language?

Mr. HAMPTON. No; they are not. Here are two or three resolutions. They are essentially the same, but each committee drafted its own resolutions, making modifications as they saw fit. The actual wording of the resolutions can easily be seen by comparing them. Of course, I can read them to you.

Mr. GREENE. Oh, no; it is not necessary to read them, as long as they are going into the record. I merely asked you that question whether it is a definite plan of the parent organization to send out the same form of resolution to be adopted.

Mr. HAMPTON. No. The position of the National Grange or any of these farm organizations is merely advisory. It is in no sense mandatory upon any of the affiliated organizations, State or local. The fact that the State and local associations are taking up and endorsing the resolutions indicates, I think, pretty conclusively that the farmers generally have a pretty clear mind as to where they stand on this question.

Here is a copy of Agricultural Grange News, the official organ of the Washington State Grange. On the first page of this paper, issue of February 1, 1916, there are three articles: "Nation-owned ships against preparedness," by the State master, Mr. C. B. Kegley; "Government-owned ships and farmers' rights," an appeal to the farmers of the State to support the farmers' position in this matter, also signed by the State master; and another article urging them to take the matter up and discuss it in their organizations and to bring their influence to bear upon their Congressmen. The appeal of the State master to the farmers of Washington I would like to have placed in the record as indicating the general character of the appeals that are being made by the big farm leaders of the Nation to farmers to support legislation looking to Government owned and operated ships.

Mr. HADLEY. You are referring to Mr. C. B. Kegley as a big farm leader?

Mr. HAMPTON. That is my own personal opinion. I consider Mr. Kegley, who has been for 10 years master of the Washington State Grange and who has built that organization up from a small organization of less than 2,000 members to the greatest and most influential farm organization west of the Mississippi River, one of the biggest men, without any question, in the farmers' organizations. He is one of the pacemakers, one of the leaders of thought in the farm world.

Mr. HADLEY. What I was getting at is whether he was a leader of thought of the leading farmers or a leading farmer.

Mr. HAMPTON. He is both. Mr. Kegley this last year, I think—I am not certain; but I knew exactly what it was a year ago—raised between 3,000 and 4,000 bushels of wheat on his farm. He is a big farmer and a constructive farmer as well as a constructive farm organization leader.

Mr. RODENBERG. Where did you say he lives?

Mr. HAMPTON. Palouse, Wash. He is master of the Washington State Grange.

The CHAIRMAN. Are you acquainted with him, Mr. Hadley?

Mr. HADLEY. Yes; I know of him casually. I have known of him for a great many years.

The CHAIRMAN. I do not mean to reflect upon Mr. Kegley in any way; I was just seeking to bring out a little more fully his status with reference to that organization.

(The portions of the articles referred to are as follows:)

*
NATION-OWNED SHIPS VERSUS PREPAREDNESS.
*

[By State Master C. B. Kegley.]

It would now require 400 merchant vessels, with a total of 1,175,000 gross tonnage, as auxiliary carriers for our Navy. Only recently there was a great agitation in Congress for a merchant marine. Of course, this was backed up by the subsidy gang, who are always present when the question of a merchant marine is under discussion. Senator Gallinger, in speaking on this question, said: "If we only had adequate steamship lines between the United States and South America there would be a big boom in American trade which would astonish not only our own people but the world."

Senator Weeks said: "We are in the position of having spent \$400,000,000 in building a canal, one of the reasons for doing so being that it would aid in the extension of our foreign trade, but, so far as I know, there are no American steamers prepared to undertake this service."

If we needed ships so badly before the European war broke out, and Senators Weeks, Gallinger, and our own Congressman W. E. Humphrey were so eager for an American shipping marine, why is it that now, when there is proposed to be built a Government-owned shipping marine, taking away from private capital the monopoly of the ocean transportation, these fellows that had such an unbounded love for the American farmer and shipper we find as silent as the tomb or making such strenuous opposition to Government-owned shipping marine? The farmers of this Nation have lost enough on the 1915 crop in excessive freight rates charged by ocean-going vessels to have built an auxiliary merchant marine with more than twice the carrying capacity required as auxiliary cruisers.

* * * * *

One more illustration which comes directly home: The last days of the month of December there was shipped from our warehouses in the Palouse country, consigned directly to Liverpool via Portland, Me., several carloads of wheat. This sold in Liverpool for \$2.18 per bushel, and the Palouse farmer received as his portion 50 to 53 cents per bushel, when he should have received \$1.40. This is our contribution to the foreign war tax, largely due to the fact that we have no merchant marine.

"What is the real fight in this merchant marine controversy? It is a fight for subsidies. What are subsidies? They are gifts from the United States Treasury to favor corporations, firms, and individuals who operate ships. Why should we give away millions of dollars of the people's money each year to favor ship owners over whose rates and services we have no control? Wouldn't it be more sensible for the Government to spend these millions in building up a splendid naval auxiliary merchant marine which can be controlled and operated in the interest of all the people?"

* * * * *

If you, my brother farmer, believe with me, then take a cue from the special-interest fellow. He is always on the job and does not hesitate to writ to his

Congressmen. If you have a Congressman in Washington, D. C., write to him and tell him that you expect him to vote and work for a Government-owned shipping merchant marine.

Do it now. If you do not look out for your own interest who do you think will do so? It is up to you.

C. B. KEGLEY.

WRITE YOUR CONGRESSMAN.

JANUARY 3, 1918.

Pennsylvania State Grange takes a strong stand for Government-owned ships, Federal marketing, and denatured alcohol.

The Washington State Grange is on record on these important measures, and we guarantee the patrons of Pennsylvania that they will have to be up early and late to set a pace that our patrons can not follow.

We respectfully call attention to pages 123-125 (official proceedings of the grange) on Government-owned ships. This is a live issue with us here in the Northwest, where charters on ships have more than doubled within the last three months and where the freight rates on a bushel of grain from our ports are more than the farmer realizes for his grain delivered to the railroad station. The farmers of this Nation will lose enough on the 1915 crop to build a good merchant marine.

Write your Congressman and Senators to-day, urging "Government ships and farmers' rights."

GOVERNMENT SHIPS AND FARMERS' RIGHTS.

Patrons:

The fight as to whether we should have a monopoly-owned merchant marine or ships owned and operated by the Government for the benefit of all the people is on in earnest. At the last session of the State Grange resolutions were adopted demanding Government-owned and operated ships; that our Representatives in Congress be notified of this action and urged to work for these reforms; and your worthy master and executive committee were instructed to use all honorable means to make the purpose of these resolutions effective. (See pp. 123 and 125 of Journal.)

Now, therefore, pursuant to these instructions, and in view of the immediate urgency of the situation, I urge all patrons, through their granges and individually, to write and petition their Congressmen and Senators and let them know in no uncertain terms that the farmers of Washington want Government-owned and operated ships and are unalterably opposed to ship subsidies in any form.

C. B. KEGLEY, *State Master*.

Mr. HAMPTON (proceeding). I have also some articles by Mr. Creasy, of Pennsylvania, known as Farmer Creasy all over the United States and at the present time secretary of the National Dairy Association. Here is an article by him on the leading page of the Pennsylvania Grange News, the leading farm paper of the State of Pennsylvania, with 40,000 circulation. The article is entitled "How the price of a bushel of wheat is fixed."

The CHAIRMAN. Do you want that to go in the record?

Mr. HAMPTON. No; I do not ask that, but I would like a quotation from that speech to go into the record, showing that the conclusions of Mr. Creasy are identical with those of Mr. Kegley.

The CHAIRMAN. We have some statesmen who say that the cost of transportation does not affect the price of wheat to the farmer, and for that reason it might be pertinent to have his view in the record.

Mr. HAMPTON. I have marked with blue pencil the parts which might be pertinent to this hearing, and would like to have them in the record.

(The portions of the articles referred to are as follows:)

HOW THE PRICE OF A BUSHEL OF WHEAT IS FIXED.

[Address of Past Master William T. Creasy at the Bradford County Pomona Grange, Feb. 17, 1916.]

The answer to the question of how the price of a bushel of wheat is fixed is more complex than one would think by giving it simply an off-hand answer. Many of our city cousins believe that the prices of the farmer's products are fixed by the farmer himself, and that since the cost of living has gone up the whole thing is to blame on a farmers' trust; in fact, I have heard this repeated by people who otherwise are pretty intelligent. But saying so and so does not make a thing so and so.

Supply and demand are the two great regulators of the price of agricultural staples. In taking wheat as an example, I remember many years ago, after our wheat crop was harvested and ready to sell, we were confronted with the news that there were large crops in the Balkan States, or India, or somewhere else, and therefore the price would go lower, and as the farmer knew nothing about the crop in any of these countries, he was at the mercy of the speculator. This was changed when Mr. David Lubin some years ago founded the International Institute of Agriculture at Rome, Italy. By treaty 54 of the leading nations of the world have representatives at this institute. When at harvest time a cry is started that the crops in foreign countries are exceptionally heavy and therefore the farmers' prices very low in this country, our Government in 24 hours' time or less can find out through its representative at this International Institute of Agriculture the real condition of crops in the different countries of the world, and the information is given to the farmer, so that he can act on his own initiative whether to sell or hold.

If the crop conditions of the world are normal, the price will be normal; if the crop conditions are above normal, the price will be below normal. Should the crop conditions of the world be below normal, the price will be above normal. Statistics show the amount of wheat consumed by the different nations, so that the demand can very readily be determined and in this way the conclusions arrived at as indicated.

The greatest wheat market is Liverpool, England, because the English people do not produce near as much wheat as they consume. So that the price paid for wheat in the Liverpool market is the price that I get for my wheat, minus the freight rates to the port, and the ocean freight rates must be deducted from the Liverpool price.

Anyone can find the rate which will be charged from his place to the seaport on whatever he has to ship, but when he comes to find out cost of ocean transportation he is liable to be charged whatever price the shipping monopoly fixes, because these rates can be changed without notice to anyone two or three times a day.

Because the ocean freight rates on wheat are not fixed it gives the speculators a chance to buy wheat cheap, because freight rates may be up at the time, and then force or manipulate a drop in ocean freight rates and pocket the difference.

There was a time when tramp steamers would keep ocean freight rates on bulk products at the lowest possible point; but the Shipping Trust have ships which they call fighting vessels, which will underbid the tramp ships and put them out of commission, so that the tramp ship to-day is about the same boat with the manufacturer of agricultural implements who would cut the price on the trust-made goods—he is soon out of business. This, of course, has only been made possible by the Shipping Trust.

There is at present a bill in Congress, known as the merchant-marine bill, which authorizes the Government to buy some merchant vessels, to be used in case of war as supply ships for the Navy and in time of peace to transport American products to foreign ports. The advantage of this measure to the farmer is that it will be managed by a board who will fix the rates on these vessels, which will certainly stabilize freight rates on other vessels not owned

by the Government. It is also possible for the farmers of a given section to bill their wheat direct from the elevators to Liverpool. Since the freight rates are known, the farmer will know what he is getting for his wheat. While this bill does not reach as far as it ought to, yet it will be of great advantage to the farmers. In the last session of Congress it was defeated by the votes of the Senators, which left the American people helpless victims to the rapacity of foreign shipping combines. This bill will be of equal advantage to the manufacturer, and every farmer that knows his business will instruct his Congressman and Senators to stand by the measure.

The time has come to regulate ocean freight rates, just as much so as railroad freight rates, and the merchant-marine bill now in Congress is a step in that direction. And when the ocean freight rates are fixed it will be more easy to determine the price of a bushel of wheat, and the factors that enter into how the price of a bushel of wheat is fixed will be known, and not guessed at as it now is, and every guess that is made on the farmer's product means a loss to the farmer.

Should the merchant-marine bill pass it will put in operation some of our vessels now lying idle. Ten colliers that were used during the Spanish-American War, that have a capacity of 10,000 tons, could carry a cargo to Europe and one back every month, thus making 24 trips in a year, and paying for themselves in six months, are locked to our wharves because of our antiquated shipping laws. Is it not about time that we waken up? By being certain how the price of a bushel of wheat is fixed we can solve the shipping monopoly.

Mr. HAMPTON (proceeding). Now, take the State of Maine. I have here two articles on this question by Mr. R. L. Cummings, chairman of the service committee of the Maine Grange. Mr. Cummings is a big farmer of the State of Maine and his official position in the grange has made it necessary for him to make a study of the transportation questions and shipping in relation to the export trade. His conclusions are unanswerable and are in line with the other evidence I have presented. I believe that these articles by Mr. Cummings are worthy of the thoughtful study of the members of this committee and the Members of Congress generally. Anyone who thinks that the farmers are not earnestly studying this question from the broad standpoint of public welfare and sound economics does not understand the farmers' position.

Mr. GREENE. Do you wish to put that into the record?

Mr. HAMPTON. I can furnish you copies of the Farmers' Open Forum containing the articles.

Mr. GREENE. I only wanted to know.

Mr. HAMPTON. I do not ask to have them put into the record.

Mr. LAZARO. Mr. Chairman, I would like to have them in the record.

The CHAIRMAN. You can indicate what portions you would like to have go into the record.

Mr. HAMPTON. I thought probably that they were too long for the record and so I did not ask to have them put in, although I consider the statements in those two articles of Mr. Cummings most concise.

The CHAIRMAN. There is no objection, if you care to have them put into the record.

(The articles above referred to are as follows:)

A LIVE-WIRE FARMERS' PROBLEM.

[By R. L. Cummings, chairman service committee, Maine Grange.]

EDITOR FARMERS' OPEN FORUM:

In touching upon the subject of a Government owned and operated merchant marine as one of the foremost problems you have touched a live wire with every farmer that knows his business East, West, North, or South.

I am a farmer, and my special line is growing apples. I have been engaged in growing and marketing apples for 25 years.

Why do we need a Government-owned merchant marine? Here are the facts:

In 1910 I became aware that the cost of marketing apples was rapidly increasing, especially in the rates of transportation across the water. The rates for carrying apples were from three to seven times as high as those for other commodities.

February 10, 1910, the rate per ton on farm products averaged \$2.68. September 1, 1912, it had advanced to \$6.66 per ton.

Rate February 10, 1910, per 100 pounds: Apples, 34.3 cents; flour, 7 cents; hay, 11 cents; wheat, 5 cents; cotton, 10 cents.

Rate September 1, 1912, per 100 pounds: Apples, 42 cents; flour, 20 cents; hay, 38 cents; wheat, 28 cents; cotton, 45 cents.

In 1914 the rates had advanced to \$14 per ton. At the present time the rates are about \$25 to \$35 per ton.

Cotton is carried for \$1.50 to \$1.75 per 100 pounds; wheat, 63 cents per 100 pounds.

The 1st of October apples were carried for \$1.25 per barrel. For a short time they sold high in Liverpool, and they put the rate up to \$2 per barrel; then the market collapsed and the rate came down to \$1.25.

THE REAL REASON.

Presumably this is all on account of the war, but as the shipper is required to pay a heavy war insurance in addition to the high rate or assume the risk himself, and if the market is high they put up the rate and take the benefit to themselves, we wonder if there is not a real reason for these things and the war the excuse.

What was the profit on this carrying trade previous to 1912? If you turn to page 639 of the hearings before the Committee on the Merchant Marine and Fisheries, they paid from 8 per cent and 9 per cent to 25 per cent in 1912. Since 1910 the rates have been multiplied by twelve.

Europe places a maximum price at which food products may be sold. We allow the carrier to charge what he sees fit, and the producer here takes what is left. We may well pause a moment to consider this situation.

Across the water are bleeding millions struggling to maintain the liberty of the world. Upon this side of the water are the forces that produce the necessities of life that they must have; between us stands this colossal organization that we have allowed to grow up without restraint, that claims the right to take advantage of their necessity and our lack of means of transportation to collect all the traffic will bear.

CONTEMPT FOR THE PEOPLE.

They show their contempt for the people and their belief in our blindness and ignorance when under these circumstances they ask for a subsidy to further increase their profits, and caution us to beware of a Government-owned merchant marine, and denounce it as a step to State socialism. They show us the great increase in American shipping and the great amount in process of construction.

By referring to page 591 of the above-quoted record you will find that in 1912 there was 1,500,000 to 2,000,000 tons of American-owned ships under foreign flags. The largest block of this was controlled by J. P. Morgan & Co. who organized the International Mercantile Marine, a holding company controlling the Leyland Line, Dominion Line, White Star Line, Red Star Line, American and Atlantic Transport Lines. They propose further to tax us that this infant industry may be nursed upon a subsidy, when the evidence indicates they now receive over 300 per cent annually.

These gentlemen want more money, and think it no disgrace to call upon Congress for help.

The Bureau of Statistics reports that the average farmer of this country has an income of \$537.50 per year, aside from hired help, fertilizer, and maintenance of implements, and is mortgaged for \$1,750 at 6 per cent; but he has some conscience and self-respect, and won't even call on the town until he has to.

One of the worthy objects of your paper is to provide means by which he may finance that mortgage at a lower rate of interest. Let me suggest that if he can get justice he will finance it himself.

You may be sure that if any of the gentlemen that want to go to Congress from Maine oppose the Government-owned merchant marine they will hear from home.

WEST PARIS, ME.

WHERE THE FARMERS' PROFITS GO.

AND WHERE THEY WILL CONTINUE TO GO UNLESS THE FARMERS MAKE THEIR INFLUENCE FELT IN CONGRESS TO STOP THE ROBBERY.

[By R. L. Cummings, chairman service committee, Maine Grange.]

EDITOR FARMERS' OPEN FORUM:

Supplementing my article on that great but simple question, the merchant marine, in the February Farmers' Open Forum, I here submit some further facts showing the increase in cost of carrying our foreign commerce since 1910. As a basis for these calculations I am taking the rates across the north Atlantic, as, that being where the greatest volume and density of traffic is, it will best represent the whole. As great as these figures are they are below the actual fact for one reason. In 1915 our commerce, both outbound and inbound, far exceeded that of previous years, and no unoccupied space is allowed upon the outgoing ships, whereas in previous years it has been as high as one-fourth of the capacity of the ship.

Year.	Volume of commerce.	Average rate per ton.	Total freight revenue.
1910	52,374,614 tons.....	\$2.72	\$140,877,711
1912	56,436,373 tons.....	6.72	389,256,146
1914	Income on same volume as 1912.....	14.00	790,109,222
1915	Income on same volume as 1912 it.....	31.50	1,777,746,749

What dividends did this business pay at the former rates in 1910 and 1912?

Special Diplomatic and Consular Report, page 39, says, that in 1908 the White Star Line paid 10 per cent, in 1909 it paid 20 per cent. In 1910 the details of the year's business were as follows (this White Star is one of the Morgan-owned lines of the I. M. M.):

"The best asset of the trust has been the White Star Line, which in 1910 earned a net profit of \$2,629,880 on a capital of \$3,630,000, after writing off \$1,701,779.92 for depreciation. A dividend of 30 per cent was paid in that year by this company alone and a balance carried forward or placed to various reserves, among which was an insurance fund for which \$487,000 was set aside in view of the increase of the fleet."

This line was charging the same for service as others in the same trade.

Turning to page 41 of Senate Document No. 601, Sixty-third Congress, second session, you will find the following: "The Holland Amerika Line earned about 50 per cent net upon its capital during the first fiscal year 1913." (This line had also become one of the Morgan possessions.)

The Hamburg-American Line earned about 30 per cent net during its fiscal year of 1913. F. E. Dixon & Co., of London, who owned and operated a large fleet of "tramp" freighters showed earnings of about 50 per cent. (Tramp ships are those that have no regular routes, but are sent wherever ordered.)

These are only a few specific instances of steamship line earnings. They are not at all unusual, but are the regular thing in the shipping business.

Here, then, are the facts: In 1910 and 1912 these lines were paying 30 per cent to 50 per cent. The average cost of carrying our commerce for those years was less than \$6.72 for in 1910 the cost of carrying farm products (Feb. 10) from Portland and Boston, was \$2.69. These rates were gradually increased until September 1, 1912, they went to \$6.72. To be again conservative, let us make our calculations from the point most favorable to them. To-day the rates upon cotton, wheat, apples, and meat averages \$31.50 per ton of 2,000 pounds.

680 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

To-day to carry the 56,437,614 tons they carried in 1912 for \$369,256,146, thereby earning a net dividend of 30 per cent to 50 per cent, they now receive \$1,777,746,749. This enormous amount would give them a dividend of 30 per cent to 50 per cent and a surplus for a single year of the enormous amount of \$1,408,490,003. Perhaps we can comprehend how much that is by comparison.

The entire disbursements of the United States Government during the year 1912, including the Army, Navy, and pork barrel was -----	\$656, 623, 597
The total value of the State of Maine, 1910, census -----	451, 780, 119
Let us build State roads enough to go around the world, 24,000 miles at \$5,000 per mile -----	120, 000, 000
We will build 100 first-class ships at \$1,000,000 each, to carry our commerce -----	100, 000, 000
Provide a working capital of -----	50, 000, 000
	<hr/> 1,378, 403, 716

We find we would still have a balance of \$30,086,887.

Did your Senators and Representatives go into hysterics a year ago at the idea of our Government raising \$30,000,000 to go into this business to relieve us from these conditions the same as they organized the parcel post to relieve us from the express monopoly?

Does it not look as if this country of ours was fast being preempted as a park and grazing ground for those interests while our Representatives at Washington act as police to keep the people off the grass?

This is but one of the many devices of this system for gathering the wealth produced by the people of this country into the treasury of this group of multi-millionaires.

These same gentlemen manipulate our railroads with a similar result to themselves at the expense of the stockholder and the public; here, however, we have exercised a partial control, but on the water they have had a free-for-all, go-as-you-please—competition reversed, each competing to get the last possible penny out of the public.

Our ships, railroads, trolleys, Standard Oil and other oil companies, American Woolen Co., United States Steel, coal mines, grain, and tobacco companies are interwoven and controlled by men who can operate them as by one mind, either with or without visible legal connection of combination.

I wish to call the special attention of our friends who are laboring earnestly for the worthy object of rural credits to these facts. These interests now hold the power, and exercise it, to fix the price of whatever we have to sell and whatever we have to buy. Our first object should be to remedy this. We can not fill the bag by stopping the leak on the side while the bottom is all open. Here is an illustration that can be verified:

A farmer in the East produces 2,000 barrels of apples; his cost of freight has increased \$1.25 per barrel, a total freight increase of -----	\$2, 500
The farmer in the West, 10,000 bushels of wheat; his cost of freight has increased 33 cents per bushel, a total of -----	3, 300
The planter in the South raises 50 tons of cotton; his freight has increased \$33 per ton, a total of -----	1, 650
Total cost from increased freight rates -----	<hr/> 7, 450
Let us suppose that each of these is mortgaged for \$5,000 at 6 per cent ..	300
Reduced by rural credits to 3 per cent -----	<hr/> 150
Total savings for each -----	150
Total for all three -----	<hr/> 450
Increase in ocean freight—a present loss -----	7, 450
Savings from rural credits—yet to be won -----	<hr/> 450
	<hr/> 7, 000

Suppose the annual interest rate on the mortgage is 12 per cent, making the annual interest charge \$600. Suppose this is reduced to 3 per cent by rural credits. The saving for each would be only \$450, or a total of \$1,350, whereas the total loss from increased freights being \$7,450, the net loss would be \$6,100.

And, mind, the increase in freight rates represents a present loss to farmers, whereas the gain through rural-credits legislation is yet to be won, and at best it will be some time before its full effect can be felt.

TAXATION BY THE INVISIBLE GOVERNMENT.

This is taxation for private interests levied by the invisible government. Morgan and his associates were obtaining control so much of the English merchant marine that the Government interfered and prevented him from taking over the Cunard Line, the Government furnishing the Cunard Co. the funds to build the *Luisitania* and *Mauritana* at a rate of 2½ per cent and a special subsidy of \$730,000. Germany frowned upon our exercising our right to control our own commerce because her great and growing merchant marine was reaping huge profits out of us until the outbreak of the war.

Our American financiers could not be content with their little corporation interest at home, like the Steel Trust, with its \$1,440,000 capitalization, the oil companies, railroads, etc., they must attack us from without as well as from within and here is a little sketch of how they did it. (P. 38, Special Diplomatic and Consular Report.)

"On February 14, 1902, an agreement was concluded by the American syndicate and the White Star Line for the purchase of its shares. Each holder of a share of 1,000 pounds sterling (\$4,860) in the Oceanic Steam Navigation Co. received 4,196 pounds (\$20,390) in cash and 6,000 pounds (\$29,100) in preferred and common of the trust. The managers of the line, Messrs. Ismay, Imrie & Co., received 10 times their profits for the year 1900, and undertook for 14 years not to associate themselves with any other shipping enterprise trading to ports which the White Star had used."

They did these things because they could make the people pay. We have paid now for 14 years and in order to make us keep it up they see they must run our Government.

Can they do it?

Put the Farmers' Open Forum into the home of every farmer and let him have the chance to find out the facts; then look out for the scythe and the reaper.

Remember "The mills of the Gods grind slowly, but they grind exceeding small."

WEST PARIS, ME.

Mr. HAMPTON. Here is a copy of the current issue of *Successful Farming*, one of the largest and most representative papers in the Central West, having a paid circulation of more than 700,000 copies.

The CHAIRMAN. Where is it published?

Mr. HAMPTON. It is published at Des Moines, Iowa, right in the middle of the agricultural belt of this country; and I want to call your attention to a leading editorial on ocean freight rates which, I think, should go in the record. I want to call your attention especially to the concluding paragraph; it is very short. It reads:

We don't want a ship subsidy; never. We are already giving the shipping interests more than enough. We want Government competition by Government controlled or owned merchant vessels, or speedily an international commerce commission to regulate ocean freight rates.

(The editorial referred to follows:)

OCEAN FREIGHT RATES.

The producer pays the freight, whether he be manufacturer or farmer. In normal times the exporter into any country must lay down his goods at a price not exceeding the prevailing price for the same class of goods made at home. He must compete with the home product that does not have to pay any ocean freight. Hence the foreign-made goods must sell at the price of home-made goods, less the freight.

For this reason the exporter pays for the products he exports only enough to allow him to pay the ocean freight and insurance to the foreign country and make a profit. In other words, the producer pays the freight and insurance to

the foreign markets because the buyer, the exporter, will not. He is like the banker charging usury who takes the interest out in advance.

Since the war has made more hazardous ocean shipping, insurance rates have gone up and the risk has increased until ocean freight rates have jumped to unreasonable demands. There is no established rate. The freighters charge just what they please because they can. Some of the belligerent countries have fixed the maximum price of goods, and this allows the ocean freighters to charge up to the limit. The American producers are paying these outrageous freights. Before the war it cost 4 cents a bushel to get wheat to Liverpool; now it is 40 cents. Everything in proportion.

We don't want a ship subsidy; never. We are already giving the shipping interests more than enough. We want Government competition by Government controlled or owned merchant vessels, or speedily an international commerce commission to regulate ocean freight rates.

Mr. HAMPTON (proceeding). Just briefly in regard to the position of the organized farmers of the United States on ship subsidies. For more than 10 years they have taken the most determined stand against any ship-subsidy legislation by the United States Congress. They have carried their opposition to the point of sending their representatives into every agricultural district of the United States to arouse the farmers to fight it. In the Congress in the year 1907—I forget the number of that Congress—when Gen. Grosvenor, of Ohio, was in charge of the ship-subsidy bill—

Mr. HARDY. The Fifty-ninth Congress.

Mr. HAMPTON. The Fifty-ninth Congress—it was fought right to the very closing days of Congress, and the organized forces behind the ship-subsidy proposition met the farmers in a convention that was held in the New Willard Hotel in this city in January of that year and were absolutely annihilated. I took part in that meeting, and Mr. Aaron Jones, past master of the National Grange, was the chief spokesman and led the fight, supported by State Master F. A. Derthick, of Ohio. The Grange representatives thoroughly convinced that convention that the farmers would fight ship subsidy in any form to the limit. And, Mr. Chairman, the farmers are absolutely opposed to and will fight ship-subsidy legislation every time it comes up. I can give a complete record of the farmers' fight against ship subsidies to any member of this committee or of Congress. We have in condensed form the history of that entire fight, but it is too long for the record here.

Now, in regard to the matter which the chairman mentioned. At the meeting the other day when representatives of the Grange were testifying some members of this committee questioned their statements that the world's price fixed the domestic price of the staples of agriculture. It was astounding to me that any Member of Congress should challenge the correctness of these statements. In the last Congress, the Sixty-third Congress, a joint resolution (H. J. 311) was introduced by Mr. Alexander, the chairman of this committee, and referred to the Committee on Foreign Commerce, I think—

The CHAIRMAN. The Committee on Foreign Affairs.

Mr. HAMPTON. The Committee on Foreign Affairs, which took that resolution under consideration and had hearings.

The CHAIRMAN. If there is no objection, I would like to have that resolution go into the record at this point.

Mr. HAMPTON. I myself, Mr. Chairman, was going to ask at the conclusion of my statement that the official report should be included.

(The resolution and official report referred to are as follows:)

STEADYING THE WORLD'S PRICE OF THE STAPLES.

[H. J. Res. 311, 63d Cong., 2d. Sess.]

In the House of Representatives. July 31, 1914. Mr. Alexander introduced the following joint resolution; which was referred to the Committee on Foreign Affairs and ordered to be printed.

JOINT RESOLUTION Instructing American delegate to the International Institute of Agriculture to present to the permanent committee for action at the general assembly in 1915 certain resolutions.

Resolved by the Senate and House of Representatives of the United States of American in Congress assembled, That in accordance with the authority of letter (f) of article nine of the treaty establishing the institute, which provides that it shall "submit to the approval of the Governments, if there be need, measures for the protection of the common interests of farmers," the American delegate to the International Institute of Agriculture is hereby instructed to present (during the 1914 fall sessions) to the permanent committee the following resolutions, to the end that they may be submitted for action at the general assembly in 1915, so as to permit the proposed conference to be held in Rome during the fortnight preceding the session of the general assembly of the institute in 1917:

"RESOLUTIONS.

"The general assembly instructs the International Institute of Agriculture to invite the adhering Governments to participate in an international conference on the subject of steadyng the world's price of the staples.

"This conference shall consist of members appointed by each of the Governments adhering to the institute, and is to consider the advisability of formulating a convention for the establishment of a permanent International Commerce Commission on Merchant Marine and on Ocean Freight Rates with consultative, deliberative, and advisory powers.

"Said conference to be held in Rome during the fortnight preceding the session of the general assembly of the institute in 1917."

Mr. Goodwin of Arkansas, from the Committee on Foreign Affairs, submitted the following report (to accompany H. J. Res. 311):

The Committee on Foreign Affairs, to which was referred the resolution (H. J. Res. 311) instructing the American delegate to the International Institute of Agriculture to present to the permanent committee for action at the general assembly of the institute in 1915 certain resolutions, reports the same back to the House with the recommendation that it do pass.

The International Institute of Agriculture, having its seat at Rome, Italy, is a permanent Government institution created by treaties signed June 7, 1905, between the United States and the following powers: Italy, Montenegro, Russia, Argentine Republic, Roumania, Servia, Belgium, Salvador, Portugal, Mexico, Luxemburg, Switzerland, Persia, Japan, Ecuador, Bulgaria, Denmark, Spain, France, Sweden, The Netherlands, Greece, Uruguay, Germany, Cuba, Austria-Hungary, Norway, Egypt, Great Britain, Guatemala, Ethiopia, Nicaragua, Brazil, Costa Rica, Chile, Peru, China, Paraguay, and Turkey. Since the creation of the institute 14 other powers have become adherents, making the total number at this time 54 nations represented in the institution.

Confining its operations within an international sphere, the institute is authorized and directed, among other things, to submit to the approval of the Governments, if there be need, measures for the protection of the common interests of farmers, and it is under the subsection designated "f." article 9, of the treaty referred to that it is proposed to instruct the American delegate to offer a resolution inviting the adhering Governments to participate in an international conference on the subject of steadyng the world's price of the staple agricultural products.

If the invitation thus extended is accepted, a conference consisting of delegates or members named by each of the adhering Governments will meet in Rome to consider the advisability of formulating a convention for the establish-

ment of a permanent international commerce commission on merchant marine and ocean freight rates, with consultative, deliberative, and advisory powers.

The committee held hearings on the resolution, the testimony taken developing the following facts:

That of the entire ocean freight traffic, seven-ninths consist of bulk traffic, the greater proportion of which is the staples of agriculture.

That two-ninths of the total ocean freight traffic consist of package traffic, including practically all manufactured articles.

That while the freight rate on package traffic can not be changed by the carriers without giving 30 to 60 days' notice to shippers, the rate on bulk traffic may be, and in fact is, changed without notice and fluctuates hourly.

That the domestic price of the staples of agriculture is governed by the export price, which fluctuates with the rise and fall of ocean freight rates on bulk traffic.

That the world's price of the staples of agriculture can not be steadied until a fixed rate can be established on bulk traffic the same as package traffic.

Independent of the abnormal conditions which, now obtain, the ocean freight rates have increased within the past two years from 100 to 200 per cent and are controlled absolutely by a shipping trust which arbitrarily fixes the charge for carrying the staple commodities, and the burden of increased rates has been borne largely by the bulk traffic. The broad, international scope of the question is patent, and it is one of primary importance to every agricultural nation in the world.

The committee heard Mr. David Lubin, American delegate to the International Institute, whose testimony indicates that favorable action will be taken by the adhering Governments on the resolution thus initiated by the United States.

MR. HAMPTON (continuing). That resolution was reported back to the House and, after debate, carried practically unanimously, and in a few days carried through the Senate and was signed by the President. That resolution was absolutely a piece of waste paper and a joke on the farmer, unless the hearings and debate had conclusively demonstrated to Congress and the President that the world's price does fix the domestic price. If it is not true, House joint resolution 311 had no justification. But it is true; and you will find by looking over the record of the debate in the House on that resolution that the keynote of all speeches, of Republicans and Democrats alike, was that the farmer had a vital concern in ocean freight rates, because the domestic price of the staples of agriculture was the world price less the cost of transportation and middlemen's charges.

I submit, Mr. Chairman, some excerpts from the speeches in that debate.

(Excerpts from the debate in Congress on H. J. Res. 311:)

JULIUS KAHN (California). Now, the question of ocean carriage has much to do with fixing the price of many of these staples that the whole world consumes. At the present time the ocean-carrying freight varies on the staples of agriculture practically from day to day. The manufactured commodities have steady and fixed rates; the various steamship companies have agreements under the terms of which they will not change these latter rates except upon 30 or 60 days' notice. No such agreement holds with regard to corn or wool or cotton or the foodstuffs which the world requires. The consequence is that the producer of these commodities is constantly at the mercy of the ocean carriers, so far as the price he gets for his commodity is concerned, because in most instances the price of his commodity is fixed not in the United States but in some foreign country. And therefore the farmer's price in the United States is the foreign price less the cost of carriage to the foreign port where the world price is made.

MR. COOPER (Wisconsin). Mr. Speaker, I am obliged to the gentleman from Illinois [Mr. Mann]. As a member of the Committee on Foreign Affairs I heard the testimony given by Mr. David Lubin, and by other thoroughly

informed witnesses, as to the merits of this resolution, and I am convinced that it ought to pass.

The facts are very simple. Seven-ninths of the entire ocean traffic is what is called bulk traffic, and practically all of this comes from the farms of the country. When farm products are carried on land the farmers know precisely what the freight rate is, and the railroads can not change that freight rate without first giving notice of 30 or 60 days. Even then they can not change it without the consent of the interstate commerce commission, which before reaching a decision takes into account the interests of the railroads and the interests of the shippers. But, in the case of ocean freight rates on grain, as was shown by the testimony, they may vary in an hour from 1 cent to 25 cents a bushel.

This resolution simply provides as its ultimate purpose that the International Institute of Agriculture shall call an international conference to consider the subject of steadying the world's price of the staples of agriculture and the advisability of establishing an international commerce commission on merchant marine with advisory and consultative powers concerning the rates to be paid on ocean traffic. It is a resolution of great importance, and I hope that it will pass without a dissenting vote. [Applause.]

Mr. GREENE. What has been the effect of the resolution which you say passed both branches? What has become of it?

Mr. HAMPTON. The resolution is now on the calendar, if that is the proper term, of the International Institute of Agriculture for the first thing to be acted upon by that institute as soon as the war is over. The war has interrupted the activities of the International Institute of Agriculture to that degree—

Mr. HARDY. Have you the expression of the delegates from France, Great Britain, and Italy with reference to this resolution after it was suggested by Mr. Lubin?

Mr. HAMPTON. In the debate on the floor or of the delegates?

Mr. HARDY. In Rome when he proposed it.

Mr. HAMPTON. I have a copy of the official report sent out by Mr. Lubin covering that right here [indicating], and therein is a statement of the formal presentation of the resolution to the institute by Mr. Lubin and the comments of the different delegates.

Mr. HARDY. I would like to have that go in the record, because it is very interesting. It shows their attitude.

Mr. RODENBERG. I think it ought to go in.

(The remarks above referred to are as follows:)

STEADYING THE WORLD'S PRICE OF THE STAPLES.

RESOLUTIONS BY THE CONGRESS OF THE UNITED STATES PRESENTED TO THE INTERNATIONAL INSTITUTE OF AGRICULTURE.

[February 27, 1915.]

The PRESIDENT. I wish to remind the Permanent Committee that the resolution passed by the United States Congress, which Mr. Lubin, the American delegate, will now present, was already communicated to the committee last October. As the delegate was then in the United States it was decided to defer action until his return. I now give him the floor.

Mr. LUBIN (delegate of the United States). In accordance with instructions from the Government of the United States, I herewith present to the Permanent Committee the following resolutions of Congress:

JOINT RESOLUTION Instructing the American delegate to the International Institute of Agriculture to present to the Permanent Committee for action at the general assembly in 1915 certain resolutions.

“Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That in accordance with the authority of letter f) of article nine of the treaty establishing the institute which provides that it

'shall submit to the approval of the Governments, if there be need, measures for the protection of the common interests of farmers,' the American delegate to the International Institute of Agriculture is hereby instructed to present (during the 1914 fall sessions) to the Permanent Committee the following resolutions to the end that they may be submitted for action at the general assembly in 1915, so as to permit the proposed conference to be held in Rome during the fortnight preceding the session of the general assembly of the institute in 1917:

"*Resolutions.*—The general assembly instructs the International Institute of Agriculture to invite the adhering Governments to participate in an international conference on the subject of steadying the world's price of the staples.

"This conference shall consist of members appointed by each of the Governments adhering to the institute and is to consider the advisability of formulating a convention for the establishment of a permanent international commerce commission on merchant marine and on ocean freight rates with consultative, deliberative, and advisory powers.

"Said conference to be held in Rome during the fortnight preceding the session of the general assembly of the institute in 1917."

I now move that the proposal contained in the above resolutions be placed on the program of the next general assembly.

The PRESIDENT. Gentlemen, you have heard the motion. What is your pleasure?

Mr. DOP (delegate of France). In the first place I wish to express our thanks to the delegate of the United States, and through him to the Government of his country. By placing before the Institute so important a question as that of ocean freight rates, the United States is taking a direct and effective step toward the solution of a problem which is of the greatest economic and political importance to the whole world. Ocean freight rates have become the pivot on which turns the whole problem of the cost of cereals. It is therefore both the duty and the interest of the International Institute of Agriculture to accept with the greatest favor the proposal laid before it. Consequently, I feel justified in stating that my Government will be quite willing to accept the proposal made by the Government of the United States.

Mr. DE MIKLOS (delegate of Hungary). I wish here to declare that my government has authorized me to give its adherence to the proposal made by the Government of the United States that the next general assembly should deal with the question of ocean freight rates.

Mr. ZABIELLO (delegate of Russia). I wish to congratulate Mr. Lubin on the great success he has had and on the valuable work he has performed in his country by getting the Government of the United States to ask that the question of ocean freight rates be placed on the program of the general assembly. The proposal is one of the greatest importance, more especially for my country, which, in the matter of ocean freight rates, is almost entirely dependent on other countries. I can only express my entire support of the proposal that the question be made part of the program of the next general assembly.

Dr. MULLER (delegate of Germany). I wish to associate myself with the congratulations which have been addressed to Mr. Lubin for his initiative. I have not been instructed to make a special declaration on the motion before us, but I can state that my government takes a great interest in this question. If the proposal is to be brought before the general assembly or a special conference it is necessary that a preliminary study be made. Consequently, I would ask that the secretary general be instructed to take up this subject.

Mr. DE POZZI (delegate of Austria). In the first place I wish to declare myself heartily in favor of the motion presented by Mr. Lubin. I make a motion that a reporter be at once named to study the question along with the proper bureau of the institute.

Sir JAMES WILSON (delegate of Great Britain). I wish to give my entire support to the motion presented by Mr. Lubin that the resolutions of Congress be placed before the next general assembly. I agree, however, with the president that next October will be the proper time for deciding whether the bureau should be ordered to draw up a report on the subject dealt with in the resolutions passed by the Congress of the United States which call for a special conference to be held.

Mr. ALDUNATE (delegate of Chile). As the representative of a country which does not possess a merchant marine, I deem it proper for me to say a few words. The whole of Latin America has at present to submit to the freight rates formed in the great countries which possess powerful merchant marines. It is therefore of the utmost importance for our countries, for their economic

and commercial prosperity, that a neutral ground be found, such as is afforded by this institute, in which it is possible for us not only to get in touch with those countries which determine freight rates, but where we may find some protection for our interests which are at stake. I deem it proper to make this statement so that the merchant-marine countries may take into due consideration the situation of those nations which are subject to them for ocean carriage. These nations are of great importance to the merchant-marine countries, as it is they who supply the goods to be carried, and as they also largely supply Europe with her foodstuffs and with the raw material for her factories. Consequently, although I have not received direct instructions on this head, I am interpreting faithfully the economic policy to which my Government constantly adheres when I give my full support to the proposal which has been brought before the Permanent Committee by the Congress of the United States.

Mr. PIERRE SOSONDO (delegate of Argentina). First of all, I wish to congratulate Mr. Lubin on the fact that, thanks to his efforts, this important question has been brought before us by the Congress of the United States. It is a question of exceptional importance for the Argentine, which has not got a merchant marine, and which now finds itself compelled to pay enormous freight rates in order to export its products, freight rates which amount in certain cases to fully half the value of the product.

Mr. ROVIRA (delegate of Uruguay). I entirely agree with the remarks which have just been made by the delegate of Argentina, and which hold good for the country which I represent. The resolution passed by Congress has my hearty support.

The PRESIDENT. I put to the vote the motion submitted by Mr. Lubin, that the proposal relative to ocean-freight rates, contained in the resolution passed by the Congress of the United States, be made part of the program of the next general assembly of the institute.

(The motion was carried unanimously.)

Mr. HAMPTON (proceeding). Now, Mr. Chairman and gentlemen of the committee, the merchants' associations, so far as I have been able to review their activities, have taken a stand for ship subsidies. It is diametrically opposed to that taken by the organized farmers. They take a stand in favor of a monopoly of the coastwise trade. The farmers take an unalterable stand in opposition to that. Consequently on the general plan for legislation to build up our merchant marine they are as far apart as the poles.

Mr. GREENE. What did you mean in regard to the coastwise trade? They want it open to all the world?

Mr. HAMPTON. I want it open.

Mr. GREENE. You want it open; but what is the position of the farmers?

Mr. HAMPTON. The general position of the farmers is that they want American ships, regardless of where they are built, to have all the privileges of American commerce; that there shall be no restrictions, and that the building up of our American merchant marine shall not be handicapped and harassed by being made simply a cat's-paw to pull the chestnuts out of the fire for the building up of an industry that is of necessity an auxiliary industry. In other words, they want the horse before the cart instead of the cart before the horse.

Mr. RODENBERG. That phase of the question has been discussed by the grange and they have taken an official position on it?

Mr. HAMPTON. It has been discussed by the grange again and again during the last 10 years, since they have been discussing a merchant marine.

Mr. LOUD. I could not understand that statement. I would like to have you answer that question.

MR. GREENE. I asked you whether the farmers' organizations are in favor of opening the coastwise trade to all the vessels of all the world, of whatever nationality or whatever flag.

MR. HAMPTON. No; they are not favorable to foreign ships; that is, ships sailing under foreign flags entering into the coastwise trade; but they are in favor of any ship, no matter where it is built, that comes under the American flag having all the privileges of American commerce, coastwise and otherwise. Is that a clear answer to the question.

MR. GREENE. No. Are they in favor of restricting that to American officered ships and American manned ships, or are they willing that foreigners should command the ships or foreigners should sail the ships in the coastwise trade?

MR. HAMPTON. The farmers are absolutely in favor of the freedom of the seas, so far as the sailors are concerned, and stand unqualifiedly for the seamen's bill which passed Congress a short time ago.

MR. GREENE. That is not the question I asked—about the seaman's bill. I asked whether they are in favor of employing foreign officers and foreign seamen on vessels admitted to the coastwise trade in any form whatsoever, or whether they are in favor of having foreign officers on those ships and foreign crews.

MR. HAMPTON. I would not say that they had gone into a close discussion of that particular question.

MR. GREENE. That is a very important phase of the question, and I would like to know. That is a very important phase of the question as to whether or not they are going to have the coastwise trade thrown open to all the world to any vessel that happens to have the American flag at its masthead, no matter where it came from. And then for the vessel to be officered and manned by a foreign crew. Are they in favor of those vessels, officered and manned by foreign crews, being admitted to the coastwise trade of the United States?

MR. HAMPTON. If the navigation laws—

MR. GREENE. It has nothing to do with the navigation laws. I asked you that plain question, if the farmers had decided that in any formal action?

MR. HAMPTON. Yes and no. Now, can I explain the "yes," and can I explain the "no"?

MR. GREENE. Yes; explain the "yes."

THE CHAIRMAN. Mr. Greene, let me clear up the situation a little bit. Under the existing law, none of the crew on vessels in the coastwise trade, under the American flag, except the watch officers, are required to be American citizens. As a matter of fact, of the crews on all vessels in the coastwise trade, at least 75 per cent of them are not American citizens, aside from the watch officers. Now, as to the farmers' organizations, as Mr. Greene suggested, have they considered whether or not the officers on American ships should be foreigners? I do not believe the other question is pertinent, because we have no law requiring them to be American citizens. Have they considered that question?

MR. HAMPTON. They have considered it in a broad, general way; in this way, that they are not in favor of making any discrimination in the officers or men on board of one class of American ships as against ships in another class. If you allow foreign officers or for-

eign seamen upon ocean-going American ships, then you should allow those same seamen to operate in the coastwise trade. We do not make a distinction between coastwise trade and foreign trade so far as ships under the American flag are concerned.

Mr. GREENE. That is your individual opinion, as I understand it?

Mr. HAMPTON. No; it is not my individual opinion.

Mr. GREENE. I asked you for the opinion of the farmers.

Mr. HAMPTON. It is the opinion of the farmers.

The CHAIRMAN. Let me clear up another situation right at that point. The only instance where these ships under the American flag are permitted to have the watch officers who are foreigners is under the ship-registry act of August 18, 1914; that is, the passage of that bill gave the President the power to suspend our navigation laws with relation to foreign-built ships brought under American registry. That legislation was supported by the United States Steel Corporation, the Standard Oil Co., the United Fruit Co., and other companies whose vessels were under foreign flags to avoid what they thought an insuperable difficulty when they brought their vessels under the American flag if they were required to have them manned by American officers; that that power was vested in the President to suspend our navigation laws.

That is a temporary measure, as I understand, and what you might regard as an emergency measure; and that legislation was pressed by those interests.

Mr. HAMPTON. That is as I understand it.

The CHAIRMAN. Have your farmers considered that question?

Mr. HAMPTON. In a broad, general way; yes. The farmers have no desire to put obstructions in the way of adjusting the old method of operating on the seas with new and better methods. They recognize there must be some give and take.

If you will go back a while, when the question of the seamen's bill was under discussion in the House, with Mr. Wilson, who is now Secretary of Labor, in charge of the bill (at least the bill was known as the Wilson bill), that bill was taken up for general discussion by the farmers because Mr. Wilson is a member of the Grange—he is a farmer and a member of the Grange of Pennsylvania—and it was discussed as a Grange measure, and on broad general principles they are quite willing to stand by what Senator La Follette, Secretary Wilson, and Mr. Andrew Furuseth, and the other men who have made a close study of that law approve and indorse. That is the position, I think, you will find the organized farmers of the United States generally take.

Mr. HARDY. Let me interrupt you with a few questions along the line of American seamen. Are you aware to-day there is in the coastwise trade no law requiring seamen on the coastwise ships under the American flag to be American citizens? Are you aware of that fact?

Mr. HAMPTON. I understand that is the case.

Mr. HARDY. Then, are you further aware of the fact that the seamen's law did not change that status, but did require that 75 per cent of the seamen in all departments should be able to understand the language of the officers; and are you aware that the shipowners who most intensely hug the coastwise monopoly to their breasts fought that seamen's act not on the ground of any requirement that they be

American citizens but that they understand the language of the officers?

Mr. HAMPTON. Yes.

Mr. HARDY. Can you see any consistency in fighting the seamen's bill on that ground and then opposing foreign-built ships coming into our trade because they are not manned by and officered by American officers and seamen? In other words, it seems to me they just reverse themselves. When you propose to let foreign-built ships into the coastwise trade under the American flag under the same conditions that they go in the foreign trade they object to that proposition because it does not require American seamen on them. Does not that seem to you entirely inconsistent?

Mr. HAMPTON. I don't know that I would care to testify upon that particular point, Mr. Hardy. The question as I see it from the farmers' standpoint—

The CHAIRMAN. He was called here to express his opinion on this bill.

Mr. HAMPTON. If I undertake to testify in behalf of the preparedness portion of this legislation my petition might be different in that case. It would be a personal position. But the farmers' interest in this question is not because of the importance of preparedness, it is because of its effect on the price of the staples of agriculture. They consider an unregulated ocean merchant marine a menace to the prosperity of the farmer. And to continue, when this war ends, the dependence of this country upon a foreign merchant marine they consider a continuous menace, because of the various things that have been brought out in these hearings, and which you all well understand. And they expect the United States Congress to take some action that will give them relief.

On the one hand, as we see it, there are the shipping interests coming here and asking year after year for ship subsidies and private operation without regulation—with all the monopoly features of the present conditions. On the other hand, there are the farmers, with an unalterable opposition to ship subsidies and a demand for Government owned and operated ships, at least to the extent of a reasonable percentage of the foreign commerce of the United States. Between these two extremes is this bill which this committee is now considering. We are willing to accept it as a reasonable compromise between these opposing forces.

Mr. HARDY. As a step forward?

Mr. HAMPTON. As a step forward, conditional that you do not have any monopoly of the coastwise trade in this bill, and that you strengthen, as much as you possibly can, the Government ownership and operation features; and these conditions are vital, so far as the farmers' support is concerned. No one understands the farmers' side of this subject who does not know how the question of the unregulated freight rates of the ocean lead up to the exchanges where the wheat and the other staples are bought and sold. On this point, Mr. Chairman, I submit excerpts from a statement formally presented to Congress by Mr. Lubin, during the consideration of House Joint Resolution 311, printed in the hearings and in the Congressional Record, and reprinted in farm papers in all parts of the country. The excerpts I submit, and to which I especially desire to call

your attention, show the power of the shipping combine to raise and lower at will the prices of the staples of agriculture. I give them as they were published in the Farmers' Open Forum:

POWER OF THE SHIP COMBINE.

TO RAISE AND LOWER THE PRICE OF THE STAPLES OF AGRICULTURE.

[From the Farmers' Open Forum.]

The following extracts from the report of Hon. David Lubin, the United States delegate to the International Institute of Agriculture, should be studied carefully by every wide-awake farmer if he would understand the deadly danger of producers—not only of America but of the entire world—being “milked” of their profits as long as ocean freight rates on the staples of agriculture are at the mercy of foreign and privately owned and unregulated shipping combines. We quote:

As we have seen, the chamber of commerce of New York states that wheat is carried at one time free of charge as ballast, and at another time at a charge of 10d. and 12d. per bushel; and the San Francisco Chamber of Commerce writes that “rates fluctuate from day to day, and a rate reported to-day might be twice as high or twice as low to-morrow.” Therefore the shipper must guess, and so must everyone else guess, so long as rates are unfixed. If the shipper wins on the guess, what he wins comes directly out of the pocket of the producer; if he loses, he tries hard to recoup himself in his next deal, and also out of the producer's pocket.

But this is only the beginning of the mischief. The confusion arising out of the system of unfixed rates for ocean carriage of the staples and the consequent uncertainty in price determining lead to economic evils so far-reaching as to affect the people everywhere.

A comprehensive grasp of the significance of this evil may be obtained by the consideration of the following:

The staples of agriculture being sold on the world's bourses and exchanges at the world's price, it necessarily follows that a rise in ocean freight rates at one or more leading ports of an exporting country by reducing the price on the quantity exported must necessarily reduce the price on the remaining quantity in the home market for the buyer on the bourses or exchanges, whether he buys for export or for home use, pays the same price.

We can thus see how sensitive to change is the world's price and the home price of the staples when influenced by unfixed rates for ocean carriage. Were there fixed rates for the carriage of the staples, subject, say, to 30 or 60 days' notice of change, as is the case with the “package traffic,” it would then settle the major evil in the question before us, the evil of constant and unnecessary price disturbances.

But, apart from such disturbances, under the present system of unfixed rates there is yet another point which calls for our consideration.

Under present conditions the chief directors of a few of the larger shipping rings, by federating their efforts, are in a position to raise and lower, by previous arrangement, the prices of the staples in any and all of the principal ports of the world. Acting under exclusive and advanced knowledge of the rates they will charge, they could lower the price of the staples by raising the cost of carriage, and then, directly or indirectly, buy them in the bourses. They could then raise the price of the staples by lowering the cost of carriage, when they would sell. They could thus at will and by arrangement lower the price of the product and buy, then raise the price and sell and pocket the difference.

But the economic loss occasioned by such raising and lowering of prices at will would be very much greater than the amount the directors of the shipping rings might pocket, for raising or lowering the cost of carriage means raising or lowering the price of the staples on the home market directly and raising or lowering the world's price indirectly.

Here we see that the price of the annual world's production of the staples, the value of which we may roughly estimate at a hundred billion dollars a year, and which represents the foodstuffs and the raw material for clothing and for house furnishing of all the people of the world, is permitted to be battledored and shuttlecocked through the action of the federated shipping rings.

We are thus forced to the conclusion that it is possible under this system for a few powerful directors of federated shipping rings to exert more effective economic control over the nations than can be exerted by any President, Emperor, King, or Prince; and so long as these federated shipping rings have it in their power to dictate at will the rise and fall in price of the world's food products, of the world's raw materials for clothing and for furnishing, so long do they in reality usurp a power which does not belong to them, a power which they should not have.

Mr. HAMPTON (proceeding). As long as that unregulated condition exists every farmer of the United States who has studied the question knows he can not stop the robbery of the cream of his profits. The farmers are going to stop this robbery of the cream of their profits before they get through; but they are simply asking the United States Congress now to give immediate relief, so far as they can, by the passage of a reasonable shipping bill.

Mr. LAZARO. What do you think of the bill under consideration?

Mr. HAMPTON. I think it is a fairly good bill as a step in the right direction. If you leave the monopoly of the coastwise trade features in it, it is a bill that will not commend itself very strongly to the farmers, in my judgment. You have got to eliminate that and strengthen the Government ownership and operation. I do not mean to say there are not other weaknesses in the bill. But, broadly, I consider it a piece of constructive legislation that will go far in the building up of an American merchant marine. It is, as I view it, the second half of the shears that will cut the Gordian knot that has been hornswoggling us all of these years, the first half being the seamen's bill, also passed by this committee. I think with those two measures honestly administered we shall have paved the way for the restoration of American ships manned by American seamen on every sea.

Mr. HARDY. As I understand, in your opinion the farmers would like to see this bill passed, but would like to see it amended so that ships bought abroad could enter into the coastwise trade?

Mr. HAMPTON. Yes, sir; emphatically.

Mr. GREENE. Will you answer a question for me?

Mr. HAMPTON. Yes.

Mr. GREENE. In what way has the coastwise trade injuriously affected the farmer in the price of his grain?

Mr. HAMPTON. A ship comes to New York from Liverpool—

Mr. GREENE. Oh, no; I am talking about the coastwise trade. You have spoken about the injury of the coastwise trade, that the coastwise trade has injured the farmer. In what way has it affected the farmer?

Mr. HAMPTON. I only know how to answer a question one way. The way you would like me to say is "Yes" or "No."

Mr. GREENE. No; go ahead and explain yourself.

Mr. HAMPTON. You want to put me in the position of the man who was asked the question, "Have you stopped beating your wife?" and I do not want to be put in that position.

Mr. GREENE. No; I asked you in what way the coastwise trade has injured the farmer.

Mr. HAMPTON. A ship comes to New York from some foreign port and has got to get a return cargo of corn, cotton, or wheat in Galveston. Under this restricted law forbidding them to enter the coastwise trade they have got to go in ballast to Galveston, and the expense

of that dead trip has got to be charged up against the ocean freight rates either going or coming, or both. You can see, therefore, that you will compel them to take a long ocean voyage at a dead loss, and to make up that loss by heavier charges on the return cargo of wheat, cotton, etc., whereas if they could pick up a cargo in New York for Galveston they could cross the ocean at a cheaper rate. In the development of an American merchant marine the freedom of the coastwise trade is vital to the farmer. It is not only in carrying farm produce in big ships to Europe and to long-distance ports that free access to the coastwise trade is necessary, but it is fully as necessary to the little ships butting in to Canadian, Central American, and West India Island ports, and so forth and so on, which develops trade enormously if it is free. It is this small-ship business which makes feeders for the business of the bigger ships the final business.

MR. GREENE. Do you know anything about the coastwise trade on the Lakes?

MR. HAMPTON. Somewhat.

MR. GREENE. What has been the effect of our coastwise trade on the Lakes? Has the price of freight gone up on the Lakes? Is it high or is it low? Is it not a fact that on the Lakes they have the lowest freights of any place, anywhere in the world, and that is confined wholly to the coastwise trade? There are not any foreign steamers in the Lake trade, and the price of freights on the Lakes is lower than anywhere else in the world. Is not wheat, grain, and everything else carried on the Lakes at a lower price than anywhere else?

MR. HAMPTON. Granting it is so, what has that to do with the question?

MR. GREENE. I simply asked you the question as to whether the coastwise trade has injuriously affected the farmers on the Lakes?

MR. HAMPTON. Do you think the freights on the Lakes, if I may ask a question—

MR. GREENE. I am not on the stand. I asked you the question, and I want you to answer the questions I ask you. I am not a witness.

MR. HAMPTON. I am not quite prepared to say that a discussion of the question of shipping on the Lakes is pertinent to the question now before this committee.

MR. GREENE. That is coastwise trade, and a very important part of the merchant marine of this country.

MR. HAMPTON. If it was left to me to decide, I would certainly make the traffic on the Lakes open to all.

THE CHAIRMAN. If you will read the decision of the United States district court the other day, in Michigan, on a question growing out of the *Eastland* disaster, where the defendants were asking to be discharged when application was made to transfer the case to the jurisdiction of the United States court of Illinois, you will find that there is a distinction between coastwise trade and the trade on the Great Lakes.

MR. GREENE. I know, but that is coastwise trade, is it not?

THE CHAIRMAN. It is not, within the meaning of our navigation laws, I believe. I have the opinion here of the court. But, then, I do not care to waste time on it.

Mr. HAMPTON. I admit that so far as traffic on the Lakes has been free it has been a positive benefit to the western farmers in moving their crops to the seaboard.

Mr. GREENE. Yes; and that is all coastwise trade; no foreign-built vessels are admitted to that trade.

Mr. HAMPTON. But I consider it a very important question from my point of view, whether it would not have been still better if the farmers had had the benefits that would come from an intermingling of the Canadian and American traffic.

Mr. LOD. Suppose there was an intermingling of the transportation, the marketing of grain between Canada and the United States would also be commingled, would it not?

Mr. HAMPTON. Yes. That would be a good thing.

Mr. HARDY. If the vessels on the Lakes could be bought cheaper than they can now, that would undoubtedly reduce the rates, whatever they are now, or it should; is not that true?

Mr. HAMPTON. Certainly.

Mr. HARDY. As I understand it, the merchant vessels on the Lakes are of a peculiar kind and are built in the United States by standardized methods and are supposed to be very cheaply built. I do not know about that. But the fact is in the coastwise trade our vessels are more costly than when built abroad and that the overseas trade vessels built here are more costly than vessels built abroad. And it is simply a question of cheapening the freights by cheapening the cost of the vessel; is not that so?

Mr. HAMPTON. I think so.

Mr. GREENE. I would like to ask a question now as to whether vessels can be built more cheaply abroad than they can here at the present day.

Mr. HAMPTON. According to the testimony laid before this committee, which is my authority—

Mr. GREENE. I have not seen any testimony that they can be built cheaper abroad to-day than they can in this country.

Mr. HAMPTON. The testimony I have read, which is presented to this committee, is my authority for the statement that we are now able to build ships as cheaply here as they can be built abroad, and that the need of a subsidy, even from the point of view of the most rabid ship subsidy hunters is greatly minimized, if not eliminated.

Mr. GREENE. Do you know anything about the action of Italy, France, England, Germany, and the other foreign Governments as to whether they have subsidies or not?

Mr. HAMPTON. My information on those points is mostly gained from congressional documents, most of which are documents from this committee. But I do not think it is necessary to enter into that discussion.

Mr. GREENE. You say it is not necessary to subsidize vessels here, and I ask you why you think it is necessary to subsidize vessels abroad. Their vessels have been subsidized from all time, and a merchant marine, as far as I understand it, has been built up and sustained by subsidies in all those foreign countries.

Mr. HAMPTON. I never stated that I believed it was necessary to subsidize foreign ships.

Mr. GREENE. I did not say that you said it, but you said that is the argument why there should be no subsidy here; and I asked you then if you had to compete with the foreign trade with the foreign-built vessels that are subsidized and liberally subsidized, whether they would not be subject to unfair competition if there was nothing to give our ships any advantage on this side of the water—if the American vessel would not be handicapped in endeavoring to secure ocean trade.

Mr. HAMPTON. I do not believe myself from my investigations that the ocean-carrying trade of any nation, to any considerable extent, has been built up on subsidies. Certainly it is not true of the British merchant marine, which is the biggest merchant marine in the world.

Mr. GREENE. What has it been built up on, if it has not been built on subsidies?

Mr. HAMPTON. Enterprise; by being able to build the ships cheapest and being able to operate them the cheapest.

Mr. GREENE. And they have not subsidized them?

Mr. HAMPTON. As far as developing foreign commerce is concerned, they have all the incidents of trade in their favor.

Mr. RODENBERG. And subsidy in addition?

Mr. HAMPTON. The subsidy of the British Government to its merchant marine is infinitesimal.

Mr. ROWE. Would you be willing this Government should subsidize to the same extent that the British Government does?

Mr. RODENBERG. Do you take them as a standard?

Mr. HAMPTON. No; that is a different question.

Mr. GREENE. I do not know why; I can not understand why, if other Governments subsidize their vessels and give them a direct advantage to enable them to build up their trade, which you say England has built up, built up their trade both home and abroad, it is not necessary here.

Mr. HAMPTON. I do not believe the British trade has been built up by subsidies.

The CHAIRMAN. I want to say right here, Mr. Hampton, and I challenge contradiction, that the British trade, that is, the cargo trade, has never been built up by subsidy at all; that it has not received any relief in the way of subsidy.

Mr. HAMPTON. That has been by understanding.

The CHAIRMAN. Very well; let us clear that up. They have paid what is termed "subsidy" in the matter of mail pay to certain ships just as we have to four ships under the American flag in our overseas trade, under the ocean mail pay act of March 3, 1891. But I do not know of any nation, unless it is France (and I will not say as to that) that subsidizes its cargo-carrying merchant marine ships. If there is any nation that does so I am open to information. But they do pay what we call ocean mail pay to certain lines of ships.

Mr. GREENE. Certain subventions are paid by nearly every foreign Government in some form—you may not call it "subsidy."

Mr. RODENBERG. How have the amounts paid by the English Government on mails compared with the amounts we pay?

The CHAIRMAN. Less.

Mr. RODENBERG. They pay less?

The CHAIRMAN. Yes.

Mr. HARDY. Let me state right here that Senator Burton some years ago, in a most able speech, made the statement, in which he was not contradicted, that there was no merchant marine built up by subsidies anywhere in the world.

Mr. BURKE. Why should they be, in view of the fact, which is acknowledged, that the operation of the foreign ships is much cheaper than the operation of our ships, and that the cost of construction of foreign ships is cheaper than the cost of construction of our ships? Why, then, is it necessary for foreign ships to be paid a subsidy?

Mr. GREENE. Because they do; that is all.

Mr. BURKE. Why?

Mr. GREENE. Because they think it is necessary and want to build it up. That is a well-known fact in shipping circles—that they think it is necessary.

Mr. BURKE. Why should it be necessary?

Mr. GREENE. I am not saying why. I am not here to be questioned as to that—as to why—because I do not undertake to run all the countries of the world. I am trying to look out for America, if I can.

Mr. HAMPTON. My purpose, Mr. Chairman, in coming before this committee was not to discuss the merits or demerits of high-speed passenger vessels or the question of mail subventions. My purpose here is to bring to your attention the tremendous vital interests the farmers have in the cargo-carrying traffic on the ocean. They are the biggest exporters in this country, measured in bulk. They have a right to some consideration. And we are not concerned directly with the question of whether you are going to build under the American flag a *Lusitania* and the corresponding ships that will speed the mails across the ocean so much faster, or whether they can be commandeered by the United States Government for special naval purposes in time of war. We are here on the question of the cargo end of this proposition, and we believe if there is going to be any Government aid in building an American merchant marine that affects the cargo freights and commerce of the United States that it should be done by direct Government ownership and operation. That is our position, and we are willing to modify that position to some extent—or, at least, what we consider a very big extent, so as to get a solution of the present distressing situation—along the lines of the bill that is now pending before this committee. We hope you will take action and report a bill with a broadening of it as I have indicated to-day. That is my position and that is the position I think you will find that the farmers of the United States—from Maine to California, from the Canadian line to the Mexican Gulf—are taking as they study the proposition.

Mr. SAUNDERS. You rather mean that we ought to get ready for another situation like the present one; not that we could do anything to relieve the present situation?

Mr. HAMPTON. I have not touched upon one or two points because I am not sufficiently familiar with them to add any value to the testimony presented to this committee; but I think if this bill passed, and it was broad enough so that we could immediately bring into operation for mercantile purposes the naval and military reserve

ships, transports, supply ships, etc., that are now practically rotting at the wharves, so that they could come into the commerce of the country, it would be a good thing.

Mr. LOUD. Where are those ships lying idle at the wharves? The Navy Department said they had not one. I have a letter up in my office saying that they have not a single idle naval auxiliary, a letter I received last week. On what authority do you make that statement?

Mr. HAMPTON. Only on general authority.

Mr. LOUD. I can bring you down the letter that will make that statement clear to you. I do not think it is proper to put misinformation into the record.

Mr. HAMPTON. Your statement would correct the misinformation there.

Mr. GREENE. I make the motion that Mr. Loud put the letter into the record.

Mr. LOUD. I have right here the printed information from the Navy Department in which they say they have no idle auxiliaries.

Mr. HAMPTON. If there are no idle auxiliaries, Mr. Chairman, then we could not bring them into operation now. But it is common sense, in answer to that, if you have a Navy, such as is now proposed, that you would have to add auxiliaries to adequately supply it, which could not be used in peace times by the Navy, and they will rot at the wharves unless you provide means for them to be placed in the commerce of the United States.

Mr. RODENBERG. If your statement in the first instance relative to vessels rotting at the wharves was correct, it would not be necessary even then.

Mr. LOUD. Here is the letter which says "the number of naval colliers is now insufficient to replenish the stock of fuel at east coast stations." This is a letter to Chairman Padgett, of the Naval Committee, in response to resolution No. 79, introduced by myself, asking that the relief material and supplies for Belgium and other European countries might be transported by the auxiliaries of the Navy, and they replied that they have no ships for any such purpose; that they are all busy.

Mr. HAMPTON. Does that cover military transports?

Mr. LOUD. No.

The CHAIRMAN. I have made inquiry like Mr. Loud in that connection through the Department of Commerce and was informed there were no naval auxiliaries now available and only two transports that might be made available, but it would require an expenditure of \$50,000 on each one in the way of repairs. That is in connection with Mr. Lake's statement before the committee that he had not had an opportunity to bid on a contract for water pipe in Argentina and, if possible, I wanted by joint resolution of Congress to make available our naval auxiliaries to meet those acute situations in our foreign commerce. And that was my information.

Mr. GREENE. Now, Mr. Chairman, I ask that Mr. Loud's statement which he has there be placed in the record.

The CHAIRMAN. Either the letter to him or that, whichever he prefers.

Mr. LOUD. And I object to such a statement as this being put in the record:

Should the merchant-marine bill pass it will put in operation some of our vessels now lying idle.

Where are those ships lying idle at the present time? Nobody knows, because there are none. Then this goes on to say:

Ten colliers that were used during the Spanish-American War, that have a capacity of 10,000 tons, could carry a cargo to Europe and one back every month, thus making 24 trips in a year, and paying for themselves in six months, are locked to our wharves because of our antiquated shipping laws.

That sounds familiar to you?

Mr. RODENBERG. Who is the author of that article?

Mr. HAMPTON. Mr. William T. Creasy.

Mr. LOUD. I do not like to see such material as that go into the record when there is no foundation for it. I say that has a familiar sound to you?

Mr. HARDY. If you are asking me that question, it does sound so. But if we have a law that forbids a naval vessel ever being used for the benefit of our commerce, it is an antiquated law; and we have such a law.

Now, you say there are no idle ships and the chairman has just stated there are two military transports now lying at the wharves but which will take \$50,000 to repair. There is a part of your idle ships. The truth is I am in favor of letting every ship owned by the United States be used for the benefit of our people.

Mr. LOUD. So am I. That is a great hobby of mine, so far as that is concerned.

Mr. HARDY. Yes; you introduced that resolution, but now you seem to be talking against it.

Mr. LOUD. When it says here that there are 10 colliers that are tied up to the wharves, we want some evidence that that is true; because we know it is not a fact.

The CHAIRMAN. We have your statement and mine as to existing conditions, so far as we have been able to investigate them.

Mr. RODENBERG. You want to put the Secretary's information in here because that is official.

The CHAIRMAN. I say either the letter to him or the letter of the Secretary.

Mr. GREENE. Ought this statement to go into the record that speaks of there being 10 colliers tied up to the wharves, if there is no truth in it?

Mr. RODENBERG. Let it go in and then let the official denial follow it.

Mr. ROWE. It is very good as showing the reason why the farmers voted the way they did.

Mr. LOUD. The letter is only about two or three lines long and answers the direct statement that there are no idle colliers at this time.

(The letters above referred to are as follows:)

ADMIRAL BLUE,

Chief, Bureau of Navigation, City.

MY DEAR ADMIRAL: In Document No. 20, present session, page 201, I notice where seven of the colliers were in reserve or under repairs for part of the

years 1914 and 1915. I desire to ask if any of the auxiliaries belonging to the Navy are now in reserve, and if so, will you kindly give me the names of such ships.

Thanking you for this information, I am,
Very truly, yours,

GEO. A. LOUD.

NAVY DEPARTMENT,
BUREAU OF NAVIGATION,
Washington, D. C., February 29, 1916.

MY DEAR MR. LOUD: Referring to your letter of the 25th instant, I beg to inform you that at the present none of the naval colliers are in reserve or out of service.

Very sincerely, yours,

J. H. DAYTON,
Acting Chief of Bureau.

HON. GEORGE A. LOUD, M. C.,
House of Representatives, Washington, D. C.

TRANSPORTATION OF RELIEF SUPPLIES IN NAVAL COLLIERIES.

NAVY DEPARTMENT,
Washington, February 19, 1916.

MY DEAR MR. PADGETT: I have given careful consideration to your letter of February 5, referring to me for recommendation and report House resolution No. 79, relative to the transportation of relief supplies in naval colliers. I have also obtained the opinion of the Secretary of State in regard to the proposed resolution, as suggested by you, and a copy of his letter is inclosed.

The objections to the proposed resolution are twofold. First, an international objection, the character of which is set forth in the letter from the Secretary of State, in whose opinion I concur.

Second, a departmental objection. The services of all naval colliers are urgently required for supplying the needs of the ships and shore stations of the Navy, and the use of any naval colliers whatsoever for the purposes indicated in the proposed resolution would seriously cripple the efficiency of the Navy. Present conditions are bound to hold during the continuance of the present war, and for some time thereafter. Even if colliers were available, their use for the purposes indicated would involve expenses for steaming coal, stevedoring, etc., and if these expenses are not borne by the relief organizations, they must be borne by the Navy from already overburdened appropriations. I inclose a letter from the Bureau of Supplies and Accounts, approved by the Chief of Naval Operations, giving the detailed reasons for this objection.

For the reasons above given I earnestly recommend that House resolution No. 79 be not enacted into law.

Very sincerely,

JOSEPHUS DANIELS.

HON. L. P. PADGETT, M. C.,
*Chairman Committee on Naval Affairs,
House of Representatives, Washington, D. C.*

Mr. HARDY. When was the article written to which Mr. Loud so strenuously objects?

Mr. HAMPTON. It was published in the current number of the Pennsylvania Grange News.

Mr. LOUD. It is March.

Mr. HAMPTON. It is the official paper of the Pennsylvania State Grange, March, 1916.

Mr. HARDY. Now you have that article and those letters both in the record

TREATING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE.

COMMITTEE ON MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Saturday, March 4, 1916.

STATEMENT OF CAPT. W. S. A. SMITH, EXPERT IN FARM PRACTICE, UNITED STATES DEPARTMENT OF AGRICUL- TURE.

The CHAIRMAN. How long have you been in the Agricultural Department?

Capt. SMITH. Just a year. I came down here last year. But I do not represent the department here in any way at all.

The CHAIRMAN. What was your business before?

Capt. SMITH. Prior to that time I had been one of the large farmers in Iowa for 18 years. Before that I was 21 years at sea and had command of a ship for about 10 years.

The CHAIRMAN. Proceed.

Capt. SMITH. I do not quite understand what I am here for. I was asked to appear here, and I do not understand just on what lines, Mr. Chairman.

The CHAIRMAN. The only question before the committee is the consideration of House bill 10500, and I presume the committee would like to have an expression of opinion from you with reference to the merits of this proposed legislation.

Mr. GREENE. Who asked you to come before the committee?

The CHAIRMAN. Mr. Hampton requested me to invite him to appear before the committee, and I requested the Secretary of Agriculture to grant him leave for that purpose.

Capt. SMITH. What I meant was this, that I did not know what particular point I was here for, because I have had rather a peculiar career, having had an intimate knowledge of shipping, and having been brought up on the seacoast and lived in a shipbuilding yard practically all of my life, saw the building of four new ships, and superintended the building of the last one, which I sailed, and it gave me a rather peculiar experience in the shipping line.

The CHAIRMAN. Where were you raised?

Capt. SMITH. In Dundee, Scotland.

The CHAIRMAN. Have you read this bill?

Capt. SMITH. Yes, sir; I have gone over this bill very carefully.

The CHAIRMAN. Give the committee any suggestions you have to make in regard to it.

Capt. SMITH. The question in section 4, as to the coastwise article in there, I do not know whether I need discuss that at all, because you

have it; but in section 11 there is in this bill a section that I was not quite able to understand, that is in section 11 where you provide here that the officers and crews of such vessels who may volunteer for the purpose may be enrolled as members of such reserve in various ranks and ratings, corresponding to those of the United States Navy not above the rank of lieutenant commander, provided they are citizens of the United States, under such regulations as may be prescribed by the Secretary of the Navy with the approval of the board. And then it goes on to state the remuneration which those men will get; and I can not, as a seaman, see on what basis that remuneration is fixed and why it should be fixed on that line and what you are giving that money for.

The CHAIRMAN. The purpose, as I understand it, is to build up the naval reserve. Instead of having these men on battleships and battle cruisers and naval auxiliaries in time of peace without anything to do, to encourage men to go into the merchant-marine service. At the same time it is intended to give them additional pay with a view to obtaining them for service in the Navy in the event of war.

Capt. SMITH. Yes, sir; in Great Britain they have a naval reserve in which a seaman—I do not know the exact amount he gets, but it is very small—gets something like \$5 or \$6 a month extra if he joins the naval reserve; and then, in case of war, if he is called on, the very minute he steps aboard of a man-of-war, the \$5 or so a month which he has been receiving stops, and then he gets, aboard that man-of-war, the same rates and the same privileges as anyone in the same rank that he is; but in this peculiar case that you have here, you take the case here of these two army transports that met off of the Canary Islands, the British and German, in which the British was sunk. Suppose we were to have a war now and had happened to have a vessel in the Canary Islands, and you say to a vessel, "we will send you some guns and make you into an Army auxiliary," and suppose I have joined that vessel under the rate of \$5 a month by joining the reserve and in a week that vessel is sunk; I would get about 75 cents, or my widow would, for joining it. If I joined that vessel it seems to me I ought to join with the same pay and the same pension as the other members get. But when you simply pay \$5 a month you have two rates of pay aboard a vessel which will create all kinds of feeling. He is to get \$5 a month more. More than what? More than the present rate of pay; but that might mean that if he goes aboard a man-of-war, when he is called in the reserve, he is paid as an able seaman \$30 a month, whereas these men might in a pinch like now, be getting \$40, and this would make it \$45.

The CHAIRMAN. This does not apply to a man-of-war or the Navy at all; it applies to merchant vessels.

Capt. SMITH. I understand that, sir; but when that vessel is taken in as a naval reserve vessel, she becomes a part of the Navy.

The CHAIRMAN. Very well; when they are taken in as a naval reserve vessel, if these men then enlist in the Navy, they will get the pay of the man in the Navy, will they not?

Capt. SMITH. It does not say so here.

The CHAIRMAN. It says under regulations to be prescribed by the Secretary of the Navy with the approval of the board.

Capt. SMITH. It seems to me—I may be wrong in it—if the first t had been left in and the remuneration had been left out, and it

had all just simply been left to the Secretary of the Navy as to the kind of a naval reserve he wanted, I think it would be stronger.

The CHAIRMAN. In the British merchant marine there are certain men who belong to the naval reserve.

Capt. SMITH. Yes, sir.

The CHAIRMAN. What pay do they get?

Capt. SMITH. I do not know what it is, because I have been away from there for 17 years. I do not remember.

The CHAIRMAN. They do not get the same pay as men in the navy, do they?

Capt. SMITH. When they are changed they do; yes, sir.

Mr. HARDY. This section 11 only applies to vessels being operated under this act; when the vessel is taken over by the Navy, it would not be operated under this act.

The CHAIRMAN. No.

Mr. HARDY. It won't apply at that time. I think that will relieve your misapprehension.

The CHAIRMAN. Yes; being operated under this act as a mercantile marine. When they are transferred to the Navy then they would come under that law and the regulations affecting the Navy.

Mr. HARDY. As a part of the naval force.

The CHAIRMAN. This provision in the bill was framed by men who are quite familiar with the Navy and the law affecting the Navy, and they do not see any such difficulty as seems to arise in your mind.

Mr. HARDY. It seems to me it would certainly induce more American boys to go aboard these merchant ships and become a source from which our Navy could draw resources in time of war, giving them some advantage by reason of their volunteering to become a naval reserve force.

Capt. SMITH. Yes, sir.

Mr. RODENBERG. You are now an American citizen, are you not?

Capt. SMITH. Yes, sir. There is one other thing which I heard here. I heard Mr. Hampton on the stand speaking of the attitude of the American farmer. When you get west of Pittsburgh the American farmer is extremely interested in the mercantile marine bill from the preparedness end, but the other end has never been put in front of them.

Mr. HARDY. Has never been what?

Capt. SMITH. The other end has never been put in front of them very strongly. In all of the literature out West, in all of the articles dealing with our proposed shipping bill, they have been putting it in front of the farmer from the preparedness point—from the transport end more than the other way. He does not have any clear understanding of it all through the Middle West from the cargo-carrying end.

The CHAIRMAN. In which end is he interested?

Capt. SMITH. He would be extremely interested in the other if he ever had it explained a little bit. And the backbone of all of the mercantile marine is the tramp steamer. That is the backbone of the mercantile marine. But there are so many wrong statements made as to the reason why we do not get a mercantile marine here. There has not been, up to the time that the war broke out, any great profit in a mercantile marine for any stockholder. If you take it for

a term of years, the British mercantile marine has been built up largely because the people were forced to take shares in that.

The CHAIRMAN. Explain that. We heard Mr. Curry develop that.

Capt. SMITH. I beg your pardon.

The CHAIRMAN. One of the members of the committee developed that point in part. Tell us what you know about it.

Capt. SMITH. If the shipowner in Great Britain is the managing owner of 12 ships he naturally sees to it that he has the controlling interest. Thirty-three sixty-fourths give him the controlling interest, and he naturally sees to it that as long as he or his family or his heirs keep that controlling interest they control the 12 ships. Now, it is necessary for that man to see that these ships do not deteriorate, and in nearly all of these shipping companies in England there is a clause that when the ship is lost they do not take the money and divide it among the stockholders, but that clause provides that another ship shall be built with that money. And now here a ship is lost. She has gone out of date. The insurance is \$100,000. The demand for 50 years has gone from a 600-ton ship to a 6,000-ton ship. So he says to the stockholders: "We have got to get a new ship and can not build a \$100,000 ship, but we must build a \$200,000 ship now, and you have to put up the other \$100,000."

The other stockholders say, "Why, I have not been getting any great dividends from ships; I do not believe I want to take any more stock." But here is a man supplying that ship with paints. He says, "Why, you are supplying my ships with paints and oils. If you want to hold that business, you take a share of stock or somebody else will supply it." And after this man has taken two or three shares, he goes to the man who makes the paint and he says, "Here, I can not take any more shares; they do not pay any dividends. If you want to sell me paint, you have to take a share." And so the whole of Great Britain is interlocked, not in the direct profit, but in the indirect profit. They make the profit out of the business; but their business is profitable.

But I am talking here of a direct profit, and you can not take the last two years as a sample. You take the average stockholder of shipping in Great Britain up to the last five or six years, you could not get your money out of these shipping companies. If you had a widow and she tried to sell her shares in shipping, she would not get very much for them. They are practically unsalable because they are tied up in these contracts or in these old agreements of the limited liability company, as they call it in England. The shipper now or the owner in Great Britain, when he has a ship beginning to get out of class, sells it to a Norwegian or to the Swedes, who run a whole lot cheaper and have a different classification with Lloyds, which allows them to buy a cheaper ship and to compete—

Mr. HARDY. You say that a man who controls these ships owns thirty-three sixty-fourths?

Capt. SMITH. Yes, sir.

Mr. HARDY. He wants it so that he can control the ship. Now he has his all invested in there, has he not? What inducement is there for a man to own thirty-three sixty-fourths if there is no profit in British shipping?

Mr. RODENBERG. There is a good salary attached to it.

Capt. SMITH. A great many of those limited liability companies when they started out 60 or 80 years ago, had a very innocent looking little clause in them which stated that the managing owner was to receive 2 per cent of the gross. And when they started in the ship was making two voyages in 12 months, of only 500 tons register, and it did not amount to a great deal. The Cunard Co. started that way. But you can imagine what it means now with a ship of 40,000 tons registry, when he gets 2 per cent out of the gross every 10 days. He has a fat thing.

Mr. HARDY. So that the owner of that per cent is simply gobbling up the profits of the whole business?

Capt. SMITH. I have known the case of a line which when it first started went to Australia, and that ship was managed by Thomas Greenland & Co., in London, and during many years the owners of the ship presented them with enough money to keep them going out of their profits, because of their rake-off—I can not call it a rake-off; it was the agreement and they were entitled to it. But the profits are large and all of the profits go to the managing owner and not to the stockholders.

Mr. HARDY. So it amounts to this, that, in England, under the compulsion of business conditions, the public are called upon to subscribe to nondividend paying stock because they are benefited indirectly; while the man who owns the major interest takes all of the profits out of the business?

Capt. SMITH. Exactly; without a doubt.

Mr. HARDY. That is a business scheme which is not lacking in shrewdness.

Mr. RODENBERG. That is high finance.

Capt. SMITH. Shipping is a great gamble, and has always been a great gamble, the same as oil in Texas. You have five or six years of good times—

Mr. GREENE. I did not know they had anything down in Texas that there was a gamble in, except cotton.

Mr. ROWE. What do you think about Government-owned ships in America? You are an American citizen; are you in favor of Government-owned and Government-operated ships?

Capt. SMITH. The point in favor of this new bill is here, that it does not stipulate for Government-owned ships. If this bill was a straight out bill calling for Government-owned ships, as an American citizen I would not be in favor of it. But as this bill is now, it does not call for Government-owned ships; it calls for the Government to start those ships and to leave the citizen or citizens the privilege of buying them. But I can not see why anyone should object to it on that basis.

Mr. ROWE. Do you think the Government, if it did operate ships, would make any money out of it? I mean covering a long period of years; not just now.

Capt. SMITH. You are going back to the question of direct return.

Mr. ROWE. Yes; to the question of direct return after you have charged off depreciation from your boat.

Mr. RODENBERG. The Government could not make any indirect profits.

Capt. SMITH. No; I do not think I would undertake to buy my stock for the direct profits. I would not expect to get very large

dividends if it was a case of a direct profit. But the indirect profit from the building up of this trade—it would have a very great bearing, there is no question about it. The greatest handicap you have to this provision in here is the coastwise provision on your shipping. If you undertake to build up a commerce with South America to-day, you have got to allow your people to compete. You have a firm in New York to-day which is going to charter a ship to send her to Buenos Aires. I have a little factory 40 miles from Norfolk down here, and I have 40 tons which I want to ship from there. How do I have to ship that to get it to Buenos Aires? I have to ship those goods to New York to be loaded. The freight from Norfolk to New York is more than the freight down the other way. If it was possible for that ship to come down there and gather up half a cargo at Norfolk, and to go on, it would be a very great help.

Mr. ROWE. That is the main reason you believe in tramp steamers, is it not, because they can stop at any place and load cargo?

Capt. SMITH. Yes, sir. We are putting all of our weight here on those larger vessels and when you spoke here to-day of Great Britain subsidizing her steamships, there are no tramp steamers receiving anything in the way of a subsidy. The vessels subsidized are the large boats carrying the mails which may be used as transports. They are built under Government supervision and may be called upon, and they receive a subsidy for that. There is no such thing as a tramp steamer receiving a subsidy. And it is the tramp steamer that has built up the commerce of Great Britain. It is the tramp steamer that we want here, and it is the tramp steamer which you shut out by leaving those old regulations in operation which you have here now.

Mr. GREENE. I understand there is no law that prohibits a foreign vessel from taking on cargo and carrying it to Buenos Aires, to a foreign port?

Capt. SMITH. No, sir; there is no law prohibiting that.

Mr. GREENE. But if she goes from port to port, and she takes cargo at Norfolk and carries it to Charleston, that would be contrary to the law.

Capt. SMITH. Yes, sir.

When I speak of the coastwise law I mean you have extended those coastwise laws to such an extent that in a way it seems sort of a joke. If you had a provision that it was legitimate coastwise trade here I would not care to see it. But where now a ship under this bill, for instance, built on the Clyde, comes over here and is put under the American flag and American registry, and I, as the master of that ship, am offered a cargo in New York of 6,000 tons for Japan and 4,000 tons for San Francisco, to go through the Panama Canal, you help make the canal pay by doing that if I can discharge that 4,000 tons at San Francisco and take another 4,000 tons aboard for Japan; but I am prohibited from doing that, and yet an old coaster can do it. It is a dog in the manger. Now, if you are going to build up your foreign trade why should not that vessel be allowed to go to San Francisco? You have got to carry that stuff and your coastwise vessels can not do this, and yet that big vessel is prohibited from doing it. That is what I object to. I do not object to the little fellows, the coasters, having the right, but they are not able to do this, and yet you shut us out by this provision.

Mr. LOUD. What is the reason the lumber carriers bringing lumber from the Pacific coast around to New York can not bring the return cargo of 4,000 tons you spoke of?

Capt. SMITH. I did not quite get that.

Mr. LOUD. What is the reason the lumber carriers carrying bulk freight and lumber from the western coast around to the east coast can not on the return trip carry the 4,000 tons that you spoke of. You say it could not be carried. Why could it not be carried by the coastwise ships? You say it could not be carried by the coastwise ships.

Capt. SMITH. Why not?

Mr. LOUD. Yes, why not.

Capt. SMITH. A vessel is not coastwise if she is going to Japan.

Mr. LOUD. But the lumber carriers and the other bulk carriers, carrying cargoes from the western coast around to the eastern coast, to New York, are coastwise.

Capt. SMITH. Certainly they are.

Mr. LOUD. Why could they not carry the 4,000 tons around to San Francisco?

Capt. SMITH. Because they do not have enough of them to do it. But in order to get some more—that is what this is for, I understand—

Mr. LOUD. It is just the other way. The bulk of the stuff goes around and there is no return cargo for them. Your example does not work out very well, it seems to me.

Capt. SMITH. I am not quite sure.

The CHAIRMAN. There is a demand on the Pacific coast, as I understand, for a larger tonnage from the Pacific coast east—that is, to carry the lumber, the fish, and the fruits, and other commodities of the Pacific coast not only to foreign countries, but to the eastern coast.

Capt. SMITH. Mr. Chairman, the point that the gentleman brings out, it seems to me, brings up the very point that I wanted to bring out plainly. He says, Why don't they carry a cargo back? Because they do not get it to carry, do they?

Mr. LOUD. They would get it if the English ships did not take it. There is plenty of tonnage moving in this direction.

STATEMENT OF CAPT. WILLIAM A. WESCOTT, PRESIDENT OF THE MASTERS, MATES, AND PILOTS ASSOCIATION OF THE PACIFIC COAST.

Capt. WESCOTT. Mr. Chairman. I desire to state that for many years I have heard the same statement as made by Capt. Smith in reference to the method used in the upbuilding of the British merchant marine; that is, in the matter of a kind of a forced proposition on the British manufacturers to take stock in British vessels. But I am of the opinion that Capt. Smith cut the matter a trifle short, or probably it may have slipped his memory; I therefore want to ask Capt. Smith if it is not a fact that once such manufacturers put their money in such vessels, if it is not pretty hard for them to ever get it out again?

Mr. HARDY. Yes; he stated that.

Mr. ROWE. He said they could not sell their interest.

Capt. WESCOTT. I missed that.

Mr. SAUNDERS. He said if a widow had some of that stock and tried to get rid of it she would have a pretty hard time.

Capt. WESCOTT. Another matter I have in mind, Mr. Chairman: For many years I have always thought it was a pretty hard proposition for an American shipowner to compete with British ships under those conditions and make any money, because the British manufacturers do not expect dividends from such stocks.

If they get 2 or 2½ per cent interest on their money, they think they are doing well. Am I correct, Capt. Smith?

Capt. SMITH. Yes, sir.

Capt. WESCOTT. The managing owners, as Capt. Smith states, control 33 shares of stock, which is the controlling interest, the number of shares of stock in each vessel being 65.

Mr. GREENE. Sixty-four.

Capt. WESCOTT. I thought it was 65. The managing owner is the man who makes the money. It is the same on the Pacific coast at the present time in the coastwise trade. Companies are formed by some would-be managing owner, they being very careful in the matter of having control of the majority of the stock. They receive from 3 to 5 per cent of the vessel's gross earnings for their services, and they become very wealthy, while the stockholders receive but a very small dividend, if any.

The CHAIRMAN. It appears that our American shipowners have caught on to the British plan and are working it here?

Capt. WESCOTT. Certainly. Mr. Chairman, I consider this bill a very good one; but I do not see any way other than that the Government will lose money in undertaking to compete with the merchant marine of Great Britain. There was a gentleman before this committee last Thursday who represented some Brazilian line. He stated to the committee that they could not in normal times get a reasonable amount of cargo for their ships, and he also stated that the shippers preferred for some reason to ship their freight by British vessels. Why? Because the British manufacturers own an interest in the ships, and for that reason whenever they buy any foreign goods they order such goods shipped on vessels in which they own an interest. Is that correct, Capt. Smith.

Capt. SMITH. That is correct.

Mr. ROWE. They are stockholders?

Capt. WESCOTT. Certainly they are stockholders. That is the reason, Mr. Chairman, that our American shipping is handicapped in the foreign trade under those conditions.

The Japanese vessels receive a subsidy from their Government. Take the Toyo Kishen Kaisha Co., who receive from \$1,200,000 to \$1,300,000 as a subsidy. But there is a clause inserted in the agreement between the Government and all subsidized lines that the companies receiving a subsidy from the Government can not raise their freight rates on Japanese goods. Therefore the manufacturers of Japan can send their product to foreign markets at the same freight rates that they did prior to the war. At the same time they charge exorbitant rates on freight from the Chinese ports or from the ports on the Pacific to the Orient. What I have stated is common knowledge along the water front of San Francisco.

Mr. Chairman, my friend Mr. Hampton, when the question was asked him if the farmers were in favor of manning vessels with foreign officers and foreign seamen, did not really commit himself one way or the other.

The CHAIRMAN. He said that they approved of the seamen's bill.

Capt. WESCOTT. The seaman's bill had nothing to do with the nativity or citizenship of the officers. The other question, as Judge Hardy has stated—

Mr. HARDY. I will call your attention to another statement he made, Captain: He said he wanted the over-seas navigation to be conducted under the same rule, as to officers and men, that the coastwise was; that he wanted no distinction between them.

Capt. WESCOTT. I am well aware of that. But, Judge, I believe you have reversed it. He stated that he wanted to see the coastwise trade conducted the same as the over-sea trade.

Mr. HARDY. That is exactly what I have just stated. He wanted no distinction between the two.

Capt. WESCOTT. I know, but I understood you to say that he stated he wanted the over-sea trade conducted the same as the coastwise trade.

Mr. HARDY. Would not that be the coastwise the same as the over-sea?

Capt. WESCOTT. No. In the over-sea trade they are permitting noncitizens at the present time to man such vessels. I want to say that between 900 and a thousand of them are acting as officers of vessels at the present time.

Mr. HARDY. You and I are misunderstanding each other entirely. Mr. Hampton wanted the two placed under the same regulations.

Capt. WESCOTT. Certainly, the same regulations.

Mr. SAUNDERS. Which is to be brought to the other?

Mr. HARDY. He did not say that; he said he wanted no difference between them.

Mr. SAUNDERS. No, Capt. Westcott, I think, stated what I understood Mr. Hampton to say.

Mr. HARDY. We wont argue about it.

Capt. WESCOTT. Mr. Chairman, to-day we have dozens of ships sailing the high seas with not an American citizen on board of them—naturalized or native-born.

Mr. GREENE. And under the American flag?

Capt. WESCOTT. I am an American by birth; my ancestors before me were one of the 86 of the first families to settle in the State of Rhode Island, and I for one do not believe it is right or just to permit the honor of the American flag to be entrusted to noncitizens of the country.

Mr. BURKE. Is that true of any ship except ships which have been recently placed under American registry?

Capt. WESCOTT. No, but there are 150 of them.

Mr. BURKE. Is not the law limited to a period of two years?

Capt. WESCOTT. Seven years.

Mr. GREENE. The law did not limit it; that is the time to which the President limited it.

Capt. WESCOTT. I have heard remarks at different times about the British service, that they permit this and permit that in regard

to the officers. I believe the chairman is well acquainted with the president of the British Board of Trade, Mr. Buxton.

The CHAIRMAN. He was president of the board; he is now Governor General of the Union of South Africa.

Capt. WESCOTT. Mr. Buxton was president of the board of trade at the time I have in mind, and while the members of the British Parliament were debating the question of not permitting anyone other than British subjects to serve in the capacity as master or mates on British vessels, Mr. Buxton stated during the debate that by taking the whole of the British register throughout the world they had only 87 alien masters out of 7,995 certificates issued. And I want to say, Mr. Chairman, that out of the 87 masters at the least 50 of them are now citizens of the United States; I personally know 30 of them myself. There are 310 other officers who are not British subjects, making a total of 397 alien officers serving on British vessels in the capacity of masters or mates. We have only a few ships, but there are 900 serving in the capacity of masters, mates, or engineers who are not citizens of the United States.

The CHAIRMAN. How many of those have declared their intention to become citizens of the United States since the passage of the bill?

Capt. WESCOTT. That would be impossible for me to state, because I do not know. I would have to interview each and every one of them separately.

The CHAIRMAN. Your information is to the effect that many of them have?

Capt. WESCOTT. I have no information in regard to that subject.

The CHAIRMAN. I have heard statements made to that effect.

Capt. WESCOTT. I won't say, Mr. Chairman. I believe any white man who comes to this country and declares his intentions of becoming a citizen in good faith, because he likes our form of government and our American institutions, and not for convenience sake as a great many do, are the kind of citizens we want. And I for one am willing to shake the hand of any such man warmly and say to him, "You are just as good an American as I am," but not otherwise.

Mr. GREENE. I would like to ask a question, whether any American citizens competent to command vessels are now in this country who are not employed?

Capt. WESCOTT. We have over 350 of them on the Pacific coast to my knowledge.

Mr. GREENE. You would think there would be as many on the Atlantic coast?

Capt. WESCOTT. I would naturally think so.

Mr. GREENE. More, would there not—it is a longer coast?

Capt. WESCOTT. I would naturally think so.

Mr. ROWE. They are out of employment?

Capt. WESCOTT. They are out of employment. I want to say when the President issued the order suspending the law for seven years, there were 2,136 idle masters, mates, and engineers in the United States who would be only too willing to get a chance to make an honest living for themselves and their families. I wrote a letter to the President to that effect, and I also called on Secretary Sweet, and I was almost given to understand it would make no difference if there were 10,000 idle.

Mr. Chairman, my principal reason for requesting to be heard was at I desired to substantiate what Capt. Smith has stated to the committee, which I consider essential; it clears up many matters, more so in fact than anything else in reference to the shipping bill which has come up before this committee.

The CHAIRMAN. It just emphasizes another difficulty here; that is I can see in it.

Capt. WESCOTT. Most decidedly, Mr. Chairman, it shows very plainly that it is almost impossible for any person to make any money out of a vessel through the ownership of stock only; they must make indirectly through their manufactures, the same as in England.

Mr. HARDY. I think the most important part of your testimony, captain, is the fact that on the Pacific coast our people are following the example of England there and subscribing to the stock with a view to the indirect benefit.

Capt. WESCOTT. No; the managing owners make them believe that they will receive large dividends if they will only invest their money with them. Of course, in the coastwise trade in many cases they receive a small dividend.

Mr. HARDY. You think they fooled them?

Capt. WESCOTT. The managing owners are making immense profits.

Mr. WESCOTT. Mr. Chairman, the members of the British Parliament, realizing the danger in the matter of permitting alien officers to be employed on British vessels, expressed themselves in very emphatic terms during the debate on an appropriation bill, which I respectfully request be made a part of the record in order to corroborate the statement which I have made in reference to the number of alien officers in possession of British certificates. The debate on that particular subject was published verbatim in the Guild Gazette February 2, 1914, and reads as follows:

Mr. PETO. The question of alien officers on British ships is one which undoubtedly requires regulation at once. The number of alien officers may not seem very great. We have 63 alien masters and mates on sailing ships, and 62 alien masters and 272 alien officers on steamships, but I say that under present conditions there ought to be none. Whatever may be necessary with regard to the crew, it would be perfectly ample to make it an absolute condition of flying the British flag that the ship should be adequately officered, and officered by British subjects. The Admiralty have recently, and I think very properly, taken steps to use our merchant fleet as the eyes of the navy. They have issued a form to steamship owners asking them to communicate with their captains and to arrange that in time of war information should be given as to the character of every vessel which is sighted. That may be of enormous importance, but, considering that when the pilotage bill was before the house, it was necessary to give special powers to the Admiralty to preclude alien officers who held the pilot certificates from certain pilotage districts, surely it is equally necessary that the board of trade should collaborate with the Admiralty in this matter of alien masters. Pilotage into port is not the only thing of importance in the time of a naval war. It is clearly of importance that the navy should have immediate information of foreign vessels sighted in certain waters. Such information at once communicated to the right people might be the means of saving us from naval disaster, or at any rate putting us in a very much better position than if we had not the information. It is safe or wise or in accordance with the course taken by the Government under the pilotage bill that we should any longer allow the flying of the British flag by vessels with alien masters and officers.

We have given particulars to the right honorable gentlemen especially of vessels flying in the Mediterranean. In one case there was not a single person of English nationality on board. The ownership was more than suspect, and the officering and manning of the vessel left no possible doubt in anyone's mind. It was to all intents and purposes a foreign vessel, but it was kept on the British register probably for the

purpose of carrying on a trade which a vessel belonging to a possible enemy power would not be able to carry on. There is the case of a mail line of steamers carrying British mails and enormous numbers of passengers. There are 19 vessels of that line and there are only 10 officers of British nationality altogether. It is simply a question of pay and nothing else. They will not pay the standard rate for British officers, and they therefore have men whose names show the nationality to which they belong. I do not know whether I called the attention of the president of the board of trade to the case of the steamship *Calvados*, which went ashore in March last, and in which there was great loss of life. The life-saving apparatus was absolutely inadequate, and the court made the strongest statement to the board of trade. I should like to read a line or two of the finding of the court:

"The court desired specially to direct the attention of the board of trade to the want of certificated officers on board a ship flying the British flag, and to the fact that the court was unable to deal with masters or mates of foreign nationality, owing to extra-territorial jurisdiction in this country. They also desired to direct the attention of the board of trade to the insufficiency of the means of saving life existing on board."

That is the case of the steamship *Calvados*, the inquiry into which was held on 10th and 11th March last. A number of the passengers and crew were frozen to death, and a great many others were drowned.

Sir GILBERT PARKER. There is another point which my honorable friend brought up, and that is the employment of alien shipmasters in our merchant service. The president of the board of trade may have some ground for complaint. He may say that when this bill was on upstairs this question ought to have been adequately dealt with. I think all of us who were on that committee are somewhat to blame for not pushing this question as they pushed the question of the alien pilots. I must take my share of that responsibility, but there are difficulties in the case. It would be a very dangerous and difficult thing for the Government, if it had the power, to say that no alien shipmaster should be employed on British ships or on ships which fly the British flag. It would raise very serious international questions. For instance, we have got steamship lines between the United States and this country which fly the British flag behind which is British money, but behind which also is American money, and they are practically American liners. In the same way with the cross-channel traffic. It would be an exceedingly difficult thing for the Government to insist that there should be no alien shipmasters upon lines of that sort. My honorable friend mentioned a line running from Smyrna and the Asia Minor ports to Alexandria and also Constantinople. There, again, it is a very serious question. I have thought much of it, and I always find great difficulty. It would be a very hard thing for this Government to prevent the Egyptian Government, who, naturally, want to do as well as they can by their Egyptian citizens, from becoming officers on ships that fly the British flag. It is a situation that I do not see the way out of at a moment's notice, nor do I see a way out of the situation which would be created were we to say that none but British officers should be employed on those lines of steamers running between the United States and this country, but my honorable friend has shown the way out.

He has said that under the pilotage act the question of alien pilots was raised, and the president of the board of trade had great difficulty, which, however, he surmounted, because it was an international question as this is an international question, of great gravity. He was able to secure that the Admiralty should be the final arbiter in regard to the employment of alien pilots. That, I think, was a very wise arrangement securing the national interests, but also preventing international difficulties. This, undoubtedly, is a grievance. I think there is as much danger in having alien shipmasters working our waters as alien pilots, and, if it were possible, the president of the board of trade ought to possess himself of the same powers as he secured under the pilotage act lately passed in this house. I am saying this with no little sense of the gravity of the situation, because I understand how great are the difficulties of the department over which the right honorable gentleman rules, but I am absolutely certain that when there is a question so grave to our national interests as this is every attempt should be made by the Government to alter the conditions in some way—if not by legislation by such agreement as the president of the board of trade might be able to make. I beg the president of the board of trade to consider very carefully the situation which he says exists, and to deal with it not with the idea of getting rid of a parliamentary difficulty, but of doing a real national duty.

Mr. SHIRLEY BENN. There are one or two points in connection with alien captains to which I wish to refer. I may be told that the president of the board of trade has strong views on the subject and agrees with me, but that he has not got the power to deal with it. I should, however, like to suggest one or two methods by which he could take action. There is nothing more dangerous to our commerce than having foreign captains on British vessels. There is no telling in case of war what wrongful com-

nations British

d by foreigners might not make to our naval author-

They are allowed, where they have pilotage certificates, to bring their vessels into British ports, although fortunately, under the new pilotage act, they are not allowed to bring their ships into the Thames, the Harwich, the Humber, or the Grimsby pilot districts. But if the board of trade would take counsel with the admiralty and arrange that no foreigner should in any circumstances, whether he had a certificate as a British master or a pilotage certificate, be allowed to navigate any ship into a British port, I believe that it would be an extremely good thing, not only for this country, but for our pilotage and our commerce. More dangerous even than this is the permission given to employ captains with alien certificates on British ships which do not come to our home ports. British law is supposed to be supreme on every British ship, but the man who executes it is frequently not a Britisher. I had a case a good many years ago, in Mobile, Ala., where a British steamer came in and the captain ordered on a new crew. I asked him for his certificate. He said, "I have not got to show you my certificate; I am not an Englishman, I am a foreigner." I said, "I have got your paper and your ship will not leave this port until I either see your certificate or get instructions from a higher authority than I am." He said, "This matter was tried out in New Orleans and the consul there was told that it is not necessary for him to see my certificate. He could not indorse it and he could not cancel it." One day I held the ship, when I got instructions to let the captain go without my signing the certificate. The crew had been signed on at the British consulate, and the captain was not subject to British law.

I should like to suggest to the president of the board of trade that he should issue regulation that no consular officer should ever give up the papers of a British steamer until he had seen the certificate of the captain and satisfied himself that the captain was a fit and proper person to command a British vessel. I would go further and say that we ought not to allow any foreigner ever to raise a British flag on a British vessel, and that every captain of a British vessel should have to enter on the ship a larger number of British sailors than of foreigners. There is one other point in connection with the steamer *Calvados* to which my honorable friend, the member for Devizes, referred a short time ago. That vessel, which was lost, sailed from Constantinople with a Greek who had a Turkish certificate, with a chief officer who was a purser, and a boatswain who was a second officer. They had a crew of 14 hands and 120 passengers on board, with boat accommodation for only 40. The board of trade had an inquiry, which was held on the 10th and 11th of March, and I should like to ask the president if he intends to take any steps against the British owner of that vessel for having failed to provide the necessary boats. It seems to me that something should be done in the matter. I hope that the president of the board of trade will give very great consideration to this question of foreign captains commanding our British vessels and coming into our British ports, and that he will, if he finds it possible, take whatever steps he can to prevent these British steamers officered by foreigners from using the British consular offices.

Mr. BUTCHER. I wish to emphasize some of the points in relation to the mercantile marine which have been raised by my honorable friend beside me. The first is the position of alien masters and officers in command of British ships. It really does seem an abuse in itself that British ships, enjoying the privileges of British law and registration at a British port, should be in the position that the master and every officer on board may be an alien; that is, according to the present state of the law, possible. In the case just referred to, that of the *Calvados*, she was officered by aliens, and met with this disaster. Apparently questions were asked, but there was no help for it, according to the present law, so I am told. Not only is it an abuse in itself that it could be so, but it is a danger, especially in war time. We know that in war time confidential information has to be given to the masters of British ships, and it hardly needs any comment to show what the position would be if the masters who get that confidential information were foreigners who could give it to our enemies. I do hope that it is a matter which the president of the board of trade will take into consideration and deal with. Then there is the question of the manning of British ships by foreigners. Cases have been referred to in this house, in which British ships have been manned entirely by foreigners, not a single man of British extraction being on board of them. Surely that can not be right. The president of the board of trade was asked a question about it in the house not very long ago, and he gave an answer from which I gather that he is entirely in sympathy with the view that some restriction should be placed on the manning of British ships entirely by foreigners. My honorable friend, the member for Devizes [Mr. Peto], referred to the case of a ship which

went out manned entirely by foreigners, and he asked the president of the board of trade the following question:

"Will the honorable gentleman take some steps to put a stop to this national scandal of ships being allowed to fly the British flag officered and manned entirely by aliens?"

The president of the board of trade replied:

"This raises a very large legal question. I am somewhat in sympathy with the honorable member's views, but do not think it can be raised alone in reference to the question."

I hope the right honorable gentleman will give some practical proof of his sympathy in this matter.

Mr. SHIRLEY BENN. What other nations admit British captains?

Mr. BUXTON. I can not say offhand. I will look it up. At all events, the figures I want to give are really an answer to all these complaints. Taking the whole of the British register throughout the world there are at present 7,995 masters, of whom only 87 are aliens—a percentage of over just 1 per cent. I really think, under these circumstances, it would be rather a large thing to ask that we should undertake a difficult international question for such a small percentage as that.

(Thereupon, at 12 o'clock noon, the committee adjourned until Tuesday morning, March 7, 1916, at 10.30 o'clock a. m.)

COMMITTEE ON MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Tuesday, March 7, 1916.

The committee met at 10.15 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. Capt. Smith, who appeared before us last Saturday, desires to make a further statement in connection with the bill. He is a large farmer and is affiliated with the farmers' organizations.

STATEMENT OF CAPT. W. S. A. SMITH, EXPERT IN FARM PRACTICE, UNITED STATES DEPARTMENT OF AGRICULTURE.

Capt. SMITH. Mr. Chairman, the last time I was up here, in speaking of the methods which are used in England to encourage shipping. I felt I had left it unfinished, and that it might appear that those methods which they used would be against this country in any way going into shipping. On the contrary, I am very much in favor of the shipping bill, and I just wanted to add a few more items that I thought might have a little interest.

Shipping is very spasmodic in its profits. There are periods of years which elapse when the stockholders receive little or no profits and the shipbuilding yards have hard work to keep their plants running. Then follows a period of years in which shipbuilding pays well, and it is during this period that new companies are formed and new stockholders are taken in.

In periods of depression many of the large shipbuilding firms in England, in order to keep their plants running, will often start from four to six ships and build the hulls, waiting for a customer to buy before finishing, so that the vessel when finished may meet the requirements of the customer and can be finished in a hurry. In the case of tramp steamers, there is little variance in the hull.

When ship subsidy was started in France it came at a time when freights were fairly low, and the French nation did not respond very readily. The orders for ships from the British shipbuilders being

so slack, the consequence was that he went to France to a shipowner and said: "We have from four to six ships on the stocks partly finished which we will sell you at cost, and we will take 25 per cent of the stock in payment, because the ship subsidy which your country pays will enable you to make a profit over any British tramp, and it will also allow us to clear our shipbuilding yards and keep our plants going until times improve." On this basis a large percentage of French tramp steamers and sailing vessels were built on the Clyde for French owners. And so you find vessels owned to-day by British shipbuilders and French investors.

This peculiar interlocking that England has applies not only in England but to the other countries in which they do business. As, for instance, a shipowner when his steamer is chartered will see to it that when they have a ship coming back it will be consigned to a firm in England, so that they receive a fee for collecting the freight and everything else and it brings in business. And I was afraid the last day I was up here I might have left the impression that so strong was that hold in England it would be impossible for this country to get in. But this thing works both ways, because if we start shipping in this country, any shipowner will naturally see that his shipping and his business is done with people in foreign countries who will give him business in return. So that this is not a thing to be afraid of in any way. This interlocking that they have in England is something that would come to us when we once started shipping here.

In all the talk about the cost of labor and operating American-owned ships, it is well to bear in mind what has happened in the last 40 years. My first voyage in command I had command of a ship of 1,150 tons, which carried 1,500 tons dead-weight with a crew of 32 men. To-day, with a crew of 32 men, it is possible to carry 5,000 tons instead of 1,500 tons. And with the change that is now going on, changing from steam to oil, and with the knowledge that the greatest expense of a steamer is in the engine room, the labor question will decrease every year, as the carrying capacity of these vessels increases and as the cost of the engine room decreases. So that I do not feel that we should look at labor as it is now, but as to what it will be when we utilize these newer ships.

Speaking of the impression that is among the farmers in the West in regard to the shipping bill, there is one point I am afraid on which there has been a good deal of misapprehension, and that is this: They have the impression out there that you are now trying to put on a bill that will provide for ships enough to carry all of the American products. As a matter of fact, this bill only calls for \$50,000,000, which, at most, will only build 150 to 200 ships, which will simply relieve the congestion. Because with the number of vessels that have been lost in this war, and the number of vessels that will be lost in this war, 200 ships is merely relief. But the impression has gained round all over the West that you are going to attempt to carry all American products in American bottoms. The 200 ships that this bill would build at the very most, as I say, would be a very small thing. I quite realize that when this war is over there will be a great attempt to build up the foreign shipping again. But there is a great question whether there will be much loose capital floating around to invest in shipping over there after the war as there was before the war.

One more point, gentlemen, as to how the farmer feels on this shipping bill. Ten or 12 years ago, when corn began to go up in the Middle West and live stock went up in the Middle West, and lands naturally followed, we had good prices. But just when it got to its height the consumer came in and said, "The cost of living is too high." The consequence was that the tariff was taken off of beef and beef began coming in from South America, and the tariff was taken off of grain and grain came in from South America and Canada. It was figured on this basis that Congress in its wisdom said that we could not afford to protect the corn-belt States at the cost of the Nation. The consequence was that if the war had not broken out there would have been a very large business in foreign beef and a very large business in foreign grain, which would have seriously affected the farmer. Now the farmer had to take his medicine.

I quite realize in this shipping bill that the shipping men all up and down the coast naturally are opposed to any change in the shipping law which will interfere with their business. I do not blame them for that one bit; but the farmers in the West feel if it is to be looked at from the national point of view, so far as their protection goes, the shipping industry should also be looked at from the national point of view.

The other day when I was up here, I was asked the question if I was opposed to Government ownership, and I qualified my answer by stating, if I recollect right, that this bill did not call for Government ownership; but I also stated at that time that I would not care to own the stock in a ship. I would like to explain one word more. I had been talking all through my statement simply from a stock proposition. I am not opposed to Government ships; I am not opposed to anything that will give us a start in the merchant marine. I was simply speaking there, looking at it from a stock proposition alone. It is quite possible and very probable after these high rates of freight are over, that these vessels may not pay any large dividends; but we can well afford to have these vessels, even if they are run at a small loss for the benefit that they would do as a whole.

Mr. GREENE. I would like to ask you a question?

Capt. SMITH. Yes, sir.

Mr. GREENE. How do you figure 200 ships could be built with \$50,000,000?

Capt. SMITH. I do not pretend to make that as an absolute statement. I meant that was the very most that could be built.

Mr. GREENE. I know, but how could you build at the very most 200 ships with \$50,000,000?

Capt. SMITH. Would not that be \$250,000 a ship?

Mr. CURRY. Yes.

Capt. SMITH. Is that unreasonable?

Mr. GREENE. I asked you. You are a marine man; I am not a marine man. I want to get that information. You claim to be acquainted with marine matters and have sailed on the sea, and I want to know how you figure out 200 vessels suitable to go across the ocean could be built for \$50,000,000.

Mr. LOUD. The naval colliers cost something over \$1,000,000 apiece.

Capt. SMITH. That, Mr. Congressman—I simply made the broad statement—strengthens the point I tried to bring out. If you can

only build 50, it is still further in favor of the bill, because it will relieve the congestion and will not be a menace.

Mr. GREENE. You have stated this bill is not a Government-ownership bill. What do you call it?

Capt. SMITH. I beg pardon.

Mr. GREENE. You have stated this bill is not a Government-ownership bill. What kind of a bill do you call it?

Capt. SMITH. It does not provide absolutely for Government ownership. It leaves it open so that these ships can be sold.

The CHAIRMAN. And chartered. In fact, that is the primary purpose, is it not, under the bill?

Capt. SMITH. Yes, sir; as I understand it.

Mr. GREENE. But the Government furnishes the capital, provided the other people do not.

Capt. SMITH. Yes, sir.

Mr. GREENE. According to your statement, when you testified a few days ago, there was not much possibility of private individuals going into the venture in this country. Consequently, the Government would have to furnish the capital, would it not?

Capt. SMITH. Yes, sir.

Mr. GREENE. And if you are going to build 200 ships the \$50,000,000 would not touch it?

The CHAIRMAN. \$50,000,000 prior to the war would have built 100 cargo ships of 5,000 tons gross burden.

Mr. GREENE. If you are talking about sailing vessels, that is all right.

The CHAIRMAN. No, not sailing vessels; steamers. They could be built for an average of \$35 a gross ton, and, in some instances, less.

Capt. SMITH. That is the idea.

Mr. GREENE. Of course, we have to face the situation as it is to-day.

The CHAIRMAN. To-day we could not touch it. We all agree to that. I was talking of the situation before the war. It would be unwise to build ships at the present time.

Capt. SMITH. As I understand, it does not stipulate in the bill that this \$50,000,000 has all got to be spent at once.

The CHAIRMAN. Oh, no; it would be very unwise to build ships at the present prices, I admit.

Capt. SMITH. Exactly. I understand that. It was simply to get a start.

Mr. LOUD. May I make a suggestion here, that the small colliers which the Navy bought about three years before the war, carrying 3,200 tons of coal, cost a little over \$600,000 apiece.

The CHAIRMAN. Oh, yes; they paid good round prices for them.

Mr. LOUD. There was a great deal of competition in the bidding for those boats.

The CHAIRMAN. Apparently so; yes.

Mr. CURRY. I think before the war a 5,000-ton boat could be bought for \$250,000. At the present time it is worth \$1,000,000.

The CHAIRMAN. Oh, yes; you can not figure on the conditions that exist to-day; they are abnormal.

Mr. HARDY. I understand the Government could sell its Panama ships, or some of the ships they bought for the Spanish War, for more than they gave for them.

The CHAIRMAN. I know our colleague, Mr. Loud, has given considerable study to this question, and I agree with him that this would be a good time to clean up those old ships.

Mr. LOUD. Would not this be a good place to inject into the record the statement I showed you the other day?

The CHAIRMAN. I think so, as soon as Capt. Smith concludes.

Capt. SMITH. That is practically all I had to say, Mr. Chairman.

Mr. CURRY. I would like to ask you what you think of the Harter Act, as to the limitation of liability?

Capt. SMITH. I do not believe I am capable of answering that.

Mr. CURRY. I understood you were an expert on shipping.

Capt. SMITH. No, sir. I do not pretend to be.

Mr. LOUD. Mr. Chairman, I will insert at this point this statement I showed you a few days ago, which I think will be of interest to the committee.

Mr. GREENE. What is the nature of it?

Mr. LOUD. It is a criticism of the holding in the Navy organization of the old colliers that are antiquated, and suggesting that they should be sold now while large prices can be realized for them, and that money invested in new and modern ships for the Navy. I show here that out of 53 auxiliary ships, 30 of them are old and antiquated craft, averaging 25 years of age. And as a business proposition, those ships should be sold while we can get enormous prices for them and replaced with modern, large-capacity ships that are better fitted for the service of the Navy.

(The statement offered by Mr. Loud is as follows:)

NAVAL AUXILIARIES.

By looking over the list of ships in actual service of the Navy, we find that there are 53 auxiliary ships, of which 25 are given as colliers and 28 as tenders, supply ships, special types, and hospital ships. While 14 of the colliers and 9 of the other ships are of modern construction, we find that there are 30 of these auxiliaries 18 years and over, most of them purchased during the Spanish-American War, and which are of small tonnage, expensive to operate, and ill fitted for the service for which they are used.

It would seem to any business man or any person of reasonable judgment that now, while vessels are selling for three or four times their normal value, would be a golden opportunity to sell these old ships which are nearly ready for the scrap pile and replace them with new, up-to-date construction. As a concrete example of what this means we find that the collier *Justin*, which was purchased during the Spanish-American War, was built in 1891 and is now 25 years old. This ship was recently sold; the price paid 18 years ago for this ship was \$145,000 and when discarded it was valued at \$75,000. It was recently sold under sealed bid and the Government received for this old craft \$301,070.

One would presume that every naval officer who has had anything to do with these auxiliary ships is well aware that these obsolete ships should be gotten rid of, but naval officers are not business men, and no one thinks it is his particular business to suggest or urge the matter, whereas it would be greatly to the interest of the Navy to replace these old colliers with the accepted type of modern naval collier which have 19,360 tons displacement, and carries 12,500 tons of coal, with 14-knot speed.

Of the 15 Army transports, only one of which is of modern construction, the other 14 ranging from 22 to 42 years, the average age over 29 years. The life of the ordinary steel ship is generally considered as 20 years, so it will be readily understood that 14 out of 15 transports are ready for the scrap pile and should be sold at once while there is a golden opportunity to do so, and thus realize three or four times their normal value, owing to the scarcity of commercial tonnage.

(These are 18 to 41 years old. Average age of these 30 old ships is 25.7 years.)

CURRY. I would also like to insert this clipping, which I have from the newspaper.
The clipping referred to is as follows:)

[Special to the Christian Science Monitor.]

TRADE PROPOSALS OF GLASGOW MERCHANTS.

GLASGOW, SCOTLAND, *February 28, 1916.*

Glasgow Chamber of Commerce at its last meeting unanimously passed the following resolutions:

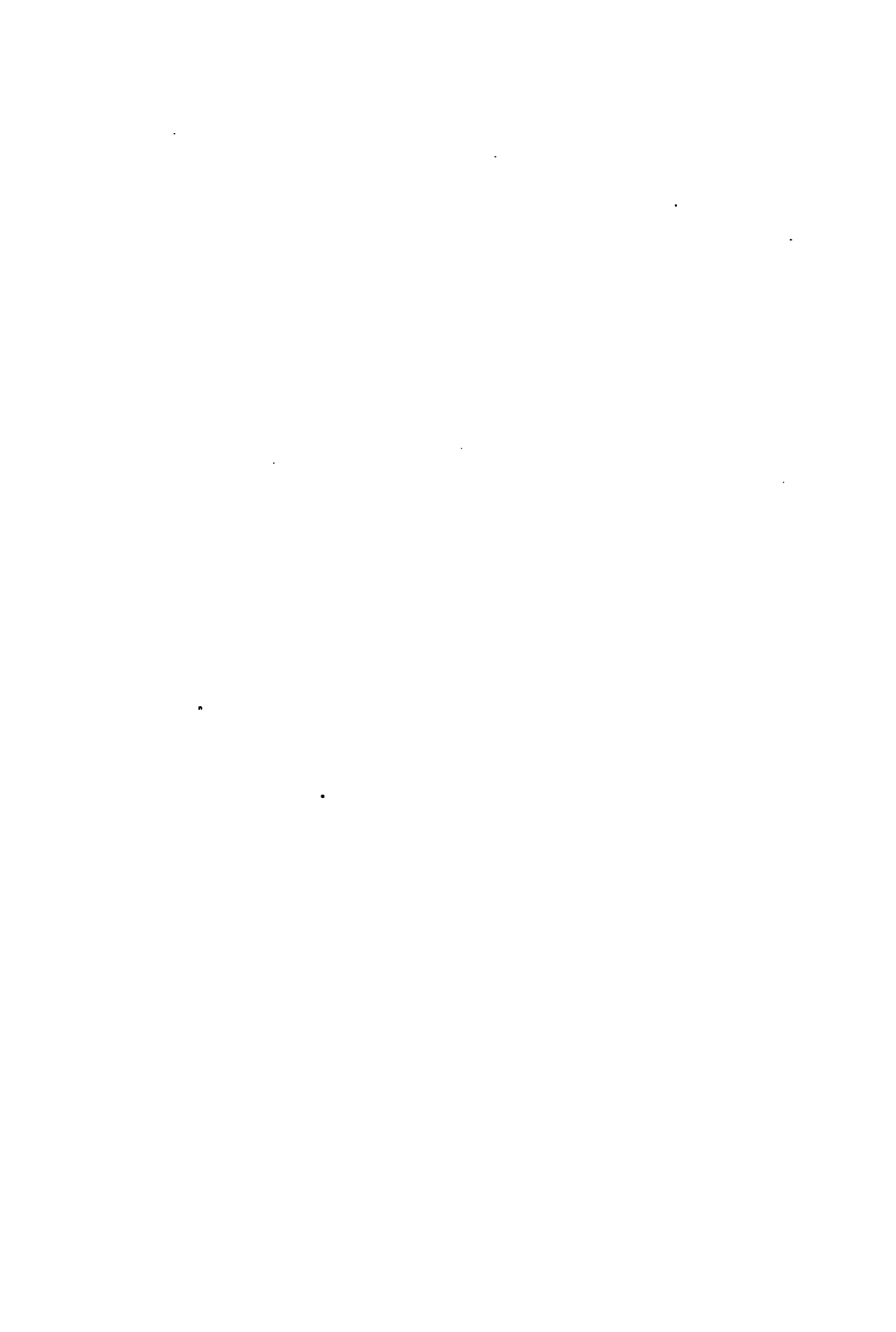
That the Government be urged to take immediate steps for the establishment of a department of commerce and industry and the appointment of a minister of commerce with cabinet rank, in order that the manufacturing and commercial interests of the British Empire may be in future effectively promoted and safeguarded.

That the Government take immediate steps to consult the governments of the dominions overseas and ascertain (a) their views in regard to the various trade questions arising as the result of the war and (b) the regulation of trade relations with neutral countries, and the control of businesses in the colonies managed or owned by subjects of enemy countries, it being important that their views be first obtained before any definite steps are taken by this country.

That the Government be urged to inquire into the desirability of subsidizing or otherwise protecting for a period those industries in this country which since the beginning of the war have been producing commodities formerly obtained from enemy countries.

That the question of preferential reciprocal trading relations between all parts of the British Empire, reciprocal trading relations between the British Empire and neutral countries, the favorable treatment of neutral countries, and the regulation, by treaty or otherwise, of trade relations with enemy countries, be considered by the Government, and steps taken to render impossible return to pre-war conditions." Other points taken up deal with harbor facilities and shipping dues; pilotage rates; commercial establishments used as political agencies; stricter naturalization laws; reorganization of the consular service; and revision and improvement of the present banking system.

Thereupon, at 10.45 o'clock a. m., the hearing was adjourned until tomorrow, Wednesday, March 8, 1916, at 10.30 o'clock a. m.)



REATING A SHIPPING BOARD, A NAVAL AUXILIARY, AND A MERCHANT MARINE.

COMMITTEE ON MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Wednesday, March 8, 1916.

The committee met at 10.30 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. Mr. W. E. Humphrey, of Washington, is present this morning and desires to be heard on this bill. Of course the older members of the committee will remember that Mr. Humphrey was a member of this committee for a number of years, until the Sixty-third Congress, as I recollect.

STATEMENT OF HON. WILLIAM E. HUMPHREY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON.

Mr. HUMPHREY. Mr. Chairman and members of the committee, I first want to thank you for the opportunity of coming here and talking in this room where I have spent so many days in times gone by. I am appearing here this morning rather as a matter of duty than with a hope that I may accomplish anything so far as the defeat of this bill is concerned. In saying that, I say it with all kindness, for I have sat face to face with a good many of the gentlemen around this board, and we have differed a great many times, too, but I have never lost any respect for any man on this committee and I trust that he has not for me, because I did not agree with him.

I come here because of the importance this bill means to my portion of the country, and I think it might not be out of place briefly to recount some of the things that have taken place so far as merchant marine legislation is concerned since I became a member of this committee, almost 14 years ago.

When I first came to Congress the Payne-Hanna bill was then being considered. That was practically an extension of the old act of March 3, 1891. That bill substantially passed the House once and was filibustered to death in the Senate. At one time it passed the Senate by unanimous consent, without a vote being cast against it or roll call demanded. But it never went upon the statute books. And during all the years I have been a Member of Congress both parties are to blame with regard to merchant-marine legislation. The Republican Party never passed anything that was of any benefit to our American merchant marine, and since the Democratic Party has been in power they have not only not passed anything for the benefit of the merchant marine, but they have passed two or three acts which are very hostile to it. They have succeeded in driving

most of the ships that still remained in the deep sea trade from under the flag.

The next thing after the act of 1891, as I recall, was the free-ship proposition. For many years as I sat at this table, every time that a proposition was suggested or mentioned to assist the American merchant marine we were met with the question of free ships. And I remember that I caused a great deal of astonishment among some of my friends on this committee—my friend Mr. Greene for one—when one day I announced I was going to vote for a bill that had a free-ship clause in it. He was apparently much disturbed and he wanted to know why. He thought I had changed my position. I said, "I am in favor of a free-ship clause being put in, because it will do no good, and I want a free-ship bill to be enacted and to let it go upon the statute books to demonstrate it has no value and perhaps we can get rid of it." It went upon the statute books and has been there ever since, and so far as I know not a single ship has ever taken advantage of it.

Then next came the matter of discriminating duties. I have always been in favor of discriminating duties upward, but I have been opposed to discriminating duties downward, because it has been demonstrated, many times, that with a discriminating duty downward would amount to nothing—between here and South America it would not amount to enough to run a line of canoes. But it had to be tried. We tried that, and it went upon the statute books, and the only thing we have accumulated under that is a lawsuit in which the Government may have to pay something between ten and twenty million dollars.

Well, we had to have something more, and the next was free register, and we placed upon the statute books a law permitting any old tub which floated anywhere on the sea to come under the American flag, and we waived the inspection laws for two years and allowed them to put foreign officers upon ships for seven years. We got some ships under that. The war was coming on; they did not love the American flag, but they feared the submarine, and a great many of them came under our flag. And what a merchant marine it is. And how it thrills the heart of every patriotic American as he looks upon ships built abroad, manned by foreign officers, foreign sailors, the flag upon it probably made of foreign cloth, and the dye stamped upon the flag out of German dyes. Any man who can be proud of that kind of an American merchant marine is entitled to my admiration. Well, I have no objection to that. It has done no harm. I do not think it has done any good. So far as I know, it has not added a single ton available for American commerce. So far as I know, not a single ship has changed its run from what it had been under the foreign flag. It has been of no benefit in that respect. The great foreign corporations wanted to get under the flag only for its protection during the war. I am not blaming them for that. And just as soon as the war is over, they will go back, just as soon as they can, unless we pass a law, as I see Secretary Redfield advocates, not permitting them to withdraw. I will not discuss that proposition.

Then the next act we had was the Panama Canal act, and that was the first act since I have been a Member of Congress, the first act in 50 years that has been written upon the statute books that was of any advantage to the American merchant marine. I had in my pos-

session a list of some 54 vessels that were being constructed for use through the Panama Canal, when suddenly it was announced that the President had changed his attitude and that the bill giving free passage to American ships in the coastwise trade through the Panama Canal was to be repealed. Had we left the Panama Canal act upon the statute books, we would have had a great merchant marine between these two coasts that would have been suitable for naval auxiliaries and would have been a great step toward giving us a merchant marine. The repeal of that law not only destroyed an opportunity to build up a merchant marine but, so far as our coast was concerned, it was one of the greatest strokes toward paralyzing business that was ever written upon the statute books of this country. That placed a tax of \$1.50 a thousand upon every 1,000 feet of lumber brought from the Pacific coast to the Atlantic. And not only on that which goes through, or that would go through the canal itself, but upon all the lumber that goes across the continent by rail it placed an additional freight rate of \$60 a car upon every car of freight that passes across this continent.

We followed that by the seamen's bill. We had a little left yet. There were a few vessels still flying the American flag that ran across the Pacific Ocean. I remember distinctly that I stood upon the floor of the House when that bill was under consideration and I made the statement that if that law went upon the statute books every ship flying the American flag in the foreign trade on the Pacific would disappear within 60 days after it went into force. They disappeared before it went into force. You can argue what you please as to what caused those vessels to disappear, but they are gone. The men who owned and run them say the seamen's bill was responsible for their going. But it is one thing absolutely sure—they are gone; that you enacted your seamen's bill and those vessels disappeared. I have heard Mr. Schwerin before this committee say substantially several times that if that bill was enacted the Pacific Mail steamers would cease to run across the Pacific. Last summer, in order to be sure, and also before I made that statement on the floor of the House, I wrote to Mr. Schwerin and I told him I did not want to be placed in a false position; that Secretary Wilson and many others had made the statement that it was merely a bluff about his going to withdraw; and Secretary Wilson, soon after they were withdrawn, said they intended to withdraw them anyway. Mr. Schwerin wrote me and said that if the seamen's law was passed, those vessels would stop running.

Some have said it was because of the Panama Canal act that they withdrew, but that act had been upon the statute books for some time. I am not going to argue further as to why they withdrew. Certainly so far as the *Minnesota* was concerned, no one can contend it was on account of the Panama Canal act, because the *Minnesota* was so large she could not get through the canal, and certainly the canal was in no way the cause of the *Minnesota* disappearing.

The CHAIRMAN. Right at that point. The *Minnesota* belonged to the Northern Pacific Railway Co., did it not?

Mr. HUMPHREY. Yes, it did.

The CHAIRMAN. A gentleman told me, who was as close to Mr. Hill as any man living, so far as I know, that they did not care anything

about the seamen's bill, and they had no objection to its being enacted into law.

Mr. HUMPHREY. That man who told you that evidently did not correctly state it, or else Mr. Hill's manager was in a funny performance when down here before a committee he made the statement—

The CHAIRMAN. No representative of Mr. Hill's was ever before this committee and opposed the passage of that law.

Mr. HUMPHREY. That may be true enough, but before its passage he was before the Senate committee and I have the hearing right here in my hand. Mr. Lacey appeared before that committee, page 288, part 5, of the hearing, and Mr. Lacey made the following statement:

Therefore I wish to say that if this bill should become a law the steamship *Minnesota* would have to withdraw.

I do not know how much more emphatic or how much more direct you can get it, when the manager of the company and the manager of the ship itself appears before a committee and makes the statement in so many words—the manager of the steamship *Minnesota*, the man who was running it and was responsible for it.

Mr. HARDY. You are aware of the fact that a great many advocates of subsidy also advocate none but American seamen on our steamships, are you not?

Mr. HUMPHREY. Oh, yes; I am aware of that.

Mr. HARDY. Then what consistency is there in the position of a man who advocates subsidy and at the same time wants American seamen on our boats and then complains of the seamen's bill because it requires 75 per cent of the crew to be able to understand the language of the officers?

Mr. HUMPHREY. Oh, the seamen's bill was a proposition to take care of the imaginary American sailor.

Mr. HARDY. What I am getting at is this: How can a man advocate none but American sailors on American vessels and at the same time object to a bill which requires only 75 per cent had to be able to understand the language of the officers?

Mr. HUMPHREY. I can not see how the gentleman can misunderstand the attitude, as long as he has sat at this table, of those who have advocated a mail subvention of subsidy—I have never called it anything but a subsidy—and have advocated that in consideration of the fact that they were going to receive that subsidy that they should have a certain per cent of American sailors.

Mr. HARDY. That was with the idea that all American ships should have American sailors; and yet when we required only 75 per cent to be able to understand the language of the officers, they criticize that bill.

Mr. HUMPHREY. But the 75 per cent you want to put on is on a ship which you are not assisting. I want a ship running across the ocean to use the same class of crews which are used by the ships with which they are in competition, competing vessels that receive \$100,000 in gold for each round trip. And yet with that handicap, with the handicap of cheap construction, then you want to place the additional burden of this seamen's bill upon those ships. Now, I do not care anything about what you may argue back and forth; the truth is that the American vessels are gone; and you voted for the bill that drove them off. You can explain it as long as you please,

but you can not explain it to me if you sat there and argued from now until sundown, I would be of the same opinion and you would be of the same opinion that you are now, so we will just call it off.

Mr. HARDY. I am just trying to get you to reconcile your position.

Mr. HUMPHREY. I am not going to reconcile my position, it does not need it.

Mr. HARDY. You criticize that bill because it requires 75 per cent to understand the English language, and yet you turn around and want nothing but American seamen on American ships.

Mr. HUMPHREY. You can not put that in my mouth. I did not say because it required 75 per cent to understand the language.

The CHAIRMAN. The bill passed the House, under the rules, unanimously.

Mr. HUMPHREY. No; it did not pass unanimously.

The CHAIRMAN. Nobody voted against it.

Mr. HUMPHREY. I did not vote against it, no; because I knew I could not get a roll call. I have been in the House long enough not to go through the silly performance of standing up on the floor and asking for a roll call when I know I can not get it.

Mr. BURKE. What is there in the seamen's law, outside of the language test, which you could claim would operate detrimentally upon your Pacific-American lines?

Mr. HUMPHREY. Outside of the language test?

Mr. BURKE. Outside of the language test.

Mr. HUMPHREY. If you will just read section 13, you will see. Let me give you something on that. I wonder if the gentleman remembers that it requires that a seaman shall be so old; it requires that he shall have so much experience; it requires that he shall have a certain amount of his wages advanced to him; it requires that when that vessel comes into port if any American citizen files an affidavit that some man on there has not had the requisite experience, that he does not understand the language of his officers, that he is not of a certain age, by the filing of that affidavit the ship can be held up and a muster taken to determine the fact. And as soon as that is finished, then another affidavit can be filed and another muster demanded, and that ship can not depart from port until they have complied with all the requirements of the law. And then if the crew deserts the ship can not depart until it has a crew of the kind which it came in with. To illustrate, suppose a Japanese vessel comes into the port of Seattle when they have a labor dispute and some man files an affidavit that some seaman upon that vessel is not of the required age—is not 19 years old—and has not had three years' experience, he can tie up that ship until they have a muster of the crew. Then, when he gets through with that, some other man files another affidavit, and he says there are some members of that crew that do not understand the language of the officers, and it is tied up again and another muster of the crew.

Mr. HARDY. May I suggest to you—

Mr. HUMPHREY. I refuse to be interrupted until I have finished. And now you go through that performance, and there is no end to it. Do you suppose a ship wants to submit to that? Is that any burden? It is not the language test.

Mr. HARDY. I want to raise a point of order, that we are not proceeding to discuss the seamen's bill.

Mr. HUMPHREY. I was just about through.

Mr. HARDY. I was kindly seeking to direct your attention to that fact.

Mr. HUMPHREY. The language test is only one of the immaterial parts of the seamen's law.

Mr. BURKE. I am glad to hear you say so. That was about the sole objection of your Pacific steamship owners to it.

Mr. HUMPHREY. Now, let me give the gentlemen one other thing while I am on that. I did not intend to speak on this.

The CHAIRMAN. You argue here that such a thing is so and so; we do not agree with your construction of that law at all.

Mr. HUMPHREY. I am well aware of that. You did not agree with my statement that those ships——

The CHAIRMAN. We think your statement is wholly untenable and unjustifiable by anything contained in the law itself. I am willing, however, you should go ahead and make those much-exaggerated statements, because they will be just that much more easily refuted.

Mr. HUMPHREY. I never did agree with the gentlemen and I never will agree, but, unfortunately for my portion of the country, those prophecies came true, just as my prophecies before came true. Out on the Pacific coast we are caring more about having ships on the sea than we are about carrying out some pet theory.

I was in Seattle when the *Minnesota* made its last visit. I saw that ship as it got ready to depart, and I saw it go out of that port. I remembered the day when it had come into the port flying the American flag. And as that ship went out on the Pacific, as it passed San Francisco, it sent this dispatch, which I want to put in the record:

To the good people of San Francisco:

The Great Northern steamship *Minnesota*, the finest ship that ever sailed the seas and the largest ship flying the American flag, is now passing down your beautiful city, bound to a foreign country, never again to return with Old Glory flying over her stern. The reason for this is well known to all business interests of the country. I bid you farewell.

THOMAS W. GORLICK,
Commander Steamship "*Minnesota*."

I put that telegram against all your arguments on the seamen's bill.

The CHAIRMAN. What has become of the *Minnesota*?

Mr. HUMPHREY. I understood it was sold the other day for \$3,000,000 to an English firm. That is the last I have seen about it.

Inasmuch as we have gone into the seamen's bill, I am going to take a minute or two more.

Mr. HARDY. We are not having a hearing on the seamen's bill, and it seems to me that with regard for the record in this case, you ought to omit any remarks on that bill, because it would provoke an endless discussion.

Mr. HUMPHREY. I notice Mr. McAdoo the other day referred to the seamen's bill in two or three places, and I will be through with the seamen's bill in about four minutes.

Mr. HARDY. All right, then; I have no objection.

Mr. HUMPHREY. The great argument made in favor of the seamen's bill was that it was going to help the American sailor. I have no objection to helping the American sailor, so far as anything that will help the American sailor, so far as anything will take care of him; but I want to impress again upon this committee and to

put some statements in the record to show that the American sailor is an imaginary quantity, and that we have shed our tears and sniffled over something that did not exist, except in the minds of the gentlemen on the committee. I hold in my hand here a statement from the Seattle Post-Intelligencer of February 15 last. It says that they have been examining some of those American sailors who were to be benefited by the seamen's law, out upon the Pacific coast. They found 891 in Seattle that passed the test. Of this number nine were American citizens. These are the ones that we were legislating for, and driving the American ships from the sea, for the benefit of 9 American sailors out of 891. I will ask to have this inserted in the hearing, because I do not want to take the time to read it.

(The clipping above referred to is as follows:)

[The Post-Intelligencer, Tuesday, Feb. 15, 1916.]

AMERICAN SEAMEN.

The foreign trade department of the San Francisco Chamber of Commerce has recently compiled from the offices of the various collectors of customs in the ocean ports of this country the statistics relating to the enrollment of "American" seamen under the seamen's law, ostensibly designed for their protection. The showing is a startling one.

In the Puget Sound district, for example, the number of seamen who have proved qualified under the act and who therefore received certificates as by the law required was 891. Of this number 9, or about 1 per cent of the whole number, were of American birth, or strictly American seamen. Further, but 18 of the whole number were even naturalized. The unnaturalized aliens who have received certificates under this act for the protection of "American" seamen constituted 97 per cent of the whole number.

Puget Sound, it may be admitted, makes the worst showing in this respect of any ocean port of the country, but only in degree. Portland, with but 226 enrolled seamen, has fully 11 native Americans among her American seamen and but 76 per cent of unnaturalized aliens. The average for the whole country is 17 per cent natives, 8 per cent naturalized, and 75 per cent aliens who have not sought American citizenship.

For the benefit, ostensibly, of the aliens who have been working on American ships under the guise of "American seamen," Congress has deliberately turned the carrying trade of the Pacific over to Japan. If there ever was a bill passed under rottenly false pretenses, it is this so-called seamen's bill, which Congress manifests no disposition to repeal or even to modify.

Mr. HARDY. Will you let me ask you a question with reference to a past matter—

Mr. HUMPHREY. Yes.

Mr. HARDY (continuing). Because my memory is not clear about it. Did you ask me at one time if you were absent to have you recorded in favor of what was then known as the Wilson bill—or the seamen's bill at that time—when you were on the committee?

Mr. HUMPHREY. Did I ask what?

Mr. HARDY. It seems to me that at one time when we were discussing the present seamen's bill, as it was then, providing for the abolishing of imprisonment and abolishing of arrest for desertion, you asked me to have you recorded in favor of that bill. Do you recollect anything about that?

Mr. HUMPHREY. No; you are mistaken about that. I was in favor of the particular section abolishing imprisonment.

Mr. HARDY. What bill was it that you asked me to record you in favor of, and I think I made a statement—

Mr. HUMPHREY. It was probably the bill that Capt. Wescott was in favor of.

Mr. HARDY. And I made a statement on the floor.

Mr. HUMPHREY. That was the bill in which Capt. Wescott was interested.

Mr. HARDY. That may have been.

Mr. HUMPHREY. Oh, yes; I was in favor of that bill. I was in favor of the bill relating to officers.

Mr. HARDY. Dealing with officers and minor officers, the bill known as the Hardy bill, you asked me to record you in favor of that bill?

Mr. HUMPHREY. Yes. Now, I want to place in the record a statement in regard to the wages received by seamen going out of Puget Sound and running to Alaska. This is a coast proposition, and I take pride in submitting it, because I have heard so many statements around this table about the poor wages of the seamen that I am glad to put in the record here an official statement of what the seamen do receive.

The CHAIRMAN. You do not mean to say the statements were by members of the committee?

Mr. HUMPHREY. What is that?

The CHAIRMAN. You spoke of statements around this table, you do not mean statements made by members of the committee?

Mr. HUMPHREY. No; statements to the committee about the wages of the seamen. I want to read part of a letter which has come from an officer of the Department of Commerce submitted to me. I am not going to put his name in the record. I am perfectly willing that any member of this committee should look at the letter and see that it is genuine, but I do not care to make his name public. He says:

Hon. W. E. HUMPHREY,
Washington, D. C.

DEAR SIR: In fulfillment of my promise, I take pleasure in inclosing to you a memo. of the amounts paid to the deck officers, boatswain, carpenter, watchman, and able-bodied seaman on a number of the ships making this port their home port.

This memo. will show the capacity in which employed, the rate of wages per month, the amount paid each man, the name of the ship, her run, the number of days for which the pay is given, and the date on which the ships were paid off. The amounts you may verify, if you wish. It would be possible to give you a list where the amounts paid would be larger. The inclosed list is a good average.

According to an agreement with the seamen's union, all work performed before 7 o'clock in the morning and after 5 o'clock in the afternoon, all holidays, and all Sundays in port are considered overtime and must be paid at the rate of 50 cents an hour. This is also the agreement with the water tenders, oilers, firemen, and coal-passers' union, and the cooks and stewards' union.

From 75 per cent to 90 per cent of these crews are of foreign birth, and but a comparatively small number of them are naturalized citizens. When an American-born youth, of American parents, goes as deck boy, life is made such a burden for him by other members of the crew that usually one voyage is enough.

One effect of the new law (see inclosed marked copies) is the driving of the old-time deep-water seaman from the sea. It has been the custom, ever since the beginning of ships, for seamen to separate themselves from their pay when they come ashore in the shortest time possible and to draw upon their advances for their clothing, shoes, and tobacco for the new voyage. Not able to get clothing, they are compelled to stay ashore without money, and, unfitted to earn a livelihood on shore, become vagrants for others to support. The ship is then supplied with seamen by the seamen's union. Only those acceptable to the agents of the seamen's union are admitted to the union.

If you desire any further information that I can give on this subject, I will be very glad to have you so advise me.

Yours, respectfully,

Mr. GREENE. What is the date of that?

Mr. HUMPHREY. It is dated December 4, 1915.

The CHAIRMAN. Who did you say furnished that information?

Mr. HUMPHREY. I say I will furnish the name to the committee. It comes to me confidentially from an officer in the Department of Commerce and Labor. Now, I ask the privilege of printing the list he furnishes me, and I do hope the committee will have the time to look at it, because you may be surprised to know how much the able seaman on those short runs to Alaska receives. He receives almost as much pay as the captain, more than the first, second, third, and fourth mates, and more than any other of the officers. To give you one illustration here, for 21 days the captain received \$111, and one able seaman received——

Mr. HARDY. What objection has that gentleman to his name being put in the record? He is an officer of the Government——

Mr. HUMPHREY. That is the reason.

Mr. HARDY (continuing). And he is sending the information to another officer of the Government.

Mr. HUMPHREY. I will show the gentleman the letter if he wants to look at it.

Mr. HARDY. I think the world ought to have the information. It is official.

Mr. HUMPHREY. I will say this information is taken from the records, and if anyone wants to dispute it, he will know where to find the information.

The CHAIRMAN. This is in the coastwise trade?

Mr. HUMPHREY. It is in the coastwise trade, but I wanted to call your attention to this particularly. I will cite just one or two instances. The captain received for 21 days, \$105. One of the able seamen received \$101.65; another, \$101.65; another one, \$99.15. And they run on down like that. The watchman received \$37.40; the quartermaster, \$61.15. And this shows all the way through that the able seamen received almost as much as the captain and more than the ordinary officer.

Mr. HARDY. You say that is in the Alaskan trade?

Mr. HUMPHREY. Yes, I am not showing that as a criticism; I am showing it as a matter of satisfaction to show that the stories we have heard so often that the seamen of the country are underpaid is not correct.

Mr. HARDY. You do not question the statements of witnesses, who have come before us like Mr. Schwerin, and who have given the wages of his seamen?

Mr. HUMPHREY. Not a bit.

The CHAIRMAN. He said they were from \$15 to \$21 a month. (The statement offered by Mr. Humphrey follows.)

Capacity in which employed.	Rate of wages per month.	Valdez, Alaska—City of Puebla, Nov. 4, 1915, for about 21 days (passenger and freight).	Skagway, Alaska.		Ketchikan, Alaska.		Valdez, Alaska.	
			Spokane, Oct. 20, 1915, for 12 days (passenger and freight).	City of Seattle, Oct. 17, 1915, for 13 days (passenger and freight).	Northland, Nov. 8, 1915, for 24 days (freight only).	Despatch, Nov. 8, 1915, for 19 days (passenger and freight).	Alameda, Nov. 8, 1915, for 23 days (passenger and freight).	Admiral Farragut, Nov. 9, 1915, for 22 days (passenger and freight).
Master and pilot.....	\$150.00	\$111.00	\$62.50	\$67.10	\$122.65	\$97.65	\$118.65	\$113.00
Do.....	150.00	105.00	62.50	67.10			118.65	101.00
Chief mate.....	{ 105.00 100.00	74.35	44.50	47.60		66.00	80.30	76.35
Second mate.....	85.00				78.65	48.00	68.80	64.85
Third mate.....	70.00						43.00	51.00
Fourth mate.....	60.00	63.35	26.00	27.00				
Boatswain.....	55.00		51.25	49.35			89.30	101.65
Carpenter.....	{ 55.00 50.00	93.40	49.25	47.15			79.15	91.75
Watchman.....	50.00	37.40	36.00	22.90			41.10	72.80
Quartermaster.....	50.00	61.15	33.75	44.90		67.15	51.10	
Do.....	50.00	73.15	33.75	43.15		66.65	53.35	
Do.....	50.00	61.40	36.75	43.80		55.35	52.10	
Do.....	50.00	69.65	36.25	29.55		55.15	52.35	
Able seaman.....	60.00	101.65	49.25	47.15	86.75	65.90	87.60	91.05
Do.....	50.00	95.65	49.25	58.15	84.50	62.15	87.75	78.30
Do.....	50.00	101.60	49.25	47.15	80.10	68.40	85.35	72.00
Do.....	50.00	93.15	49.25	47.15	83.00	68.40	73.35	100.80
Do.....	50.00	99.15	52.25	47.15	86.65		92.10	82.75
Do.....	50.00	97.15	52.25	56.65	80.40		87.85	96.05
Do.....	50.00	{ 87.40 89.15	56.25				87.35	68.65
Do.....	50.00	83.40	54.00				87.35	68.65
Do.....							95.35	

Mr. HUMPHREY. Now, Mr. Chairman, I want to talk about this bill for a few moments. I am not going to go into the details of the bill. I might say in a general way that I am somewhat inclined to believe it would be a propitious time for a shipping board of some character to be created that would have the power to assist American shipping. If that element is in your bill, and I understand it is, why that part of it I would have no objection to, because if there has ever been a time in the history of American shipping when we need some authority to act, it is now.

Mr. LOUD. And brains.

Mr. HUMPHREY. Yes. If we had a board of that character now, we would not be troubled with this matter of the seamen's bill.

The CHAIRMAN. Do you not think there ought to be some department of the Government whose attention should be given exclusively to the development of our merchant marine?

Mr. HUMPHREY. You mean some department or bureau?

The CHAIRMAN. Yes.

Mr. HUMPHREY. Yes; I do. That is what I am trying to say.

The CHAIRMAN. In years past it has been a mere incident and received very little attention.

Mr. HUMPHREY. I want for just a moment to go back to the seamen's bill, because in looking over Mr. McAdoo's testimony I find something which answers Mr. Burke's question as to what objection I had. I want to direct your particular attention to one phase of the seamen's bill, and I do not want to leave it in that way. I notice in the hearings that Mr. McAdoo said he could not understand why Robert Dollar had taken his ships from Seattle over to Vancouver.

I will give you a little incident that first brought that to my attention. I was out in Ballard last summer and went into the office of the Stimpson Lumber & Shingle Mill Co. and saw the manager there, whom I happened to know very well, and he said, "Mr. Humphrey, what did you pass the seamen's bill for?" I said, "I did not have anything to do with it; do not accuse me of passing the seamen's bill." He then showed a letter from Robert Dollar, in which Mr. Dollar had notified him they were going to transfer their ships over to Vancouver. And he said, "For many years we have sold the Robert Dollar Co. at the rate of \$100,000 worth of lumber a month." Here was a loss of \$1,200,000 to a single mill, and that is gone and is now transferred over to British Columbia. There is that one aspect of the seamen's bill. And the laboring people of the State of Washington lost more by that one transaction alone than all the result of the seamen's bill will ever bring to them. And that is not true only of the Dollar Line. I have in my office now a set of resolutions from the Merchants' Association of Seattle. They are very much alarmed and have called my attention to the fact that all of the foreign lines, except the Japanese line, are going to go over to British Columbia. And why should they not do it? Why should they go to Seattle when it would cost them from \$10,000 to \$30,000 more than to go to Vancouver? And just as soon as we seek to enforce the bill—the American vessels are all already gone—we will lose all the foreign lines except the Japanese line.

Now, I made the prophesy about the American ships being driven from the sea, and I make the prophesy now that if you keep the seamen's bill upon the statute books all the foreign lines into Puget Sound will go to Vancouver except the Japanese line. And that is the situation we are in out there, and do you wonder that we feel somewhat sensitive when we see, in addition to all this, one more proposition, Government ownership, to make forever hopeless the opportunity of getting an American merchant marine?

And I notice Mr. McAdoo, in his statements, does not take a position anywhere. I refer to his remarks because he is the special proponent of this bill. First he holds out the impression that he is going to run these vessels for the purpose of building up American commerce, and he thinks they may carry that freight, and it is going to be a great thing. Then when asked the question by Mr. Saunders or some one else, he said there would not be a sufficient number of vessels to cause competition that would create trouble with the vessels already running. Now, we have had some experience out on Puget Sound about a Government-ownership proposition. When I first came down here to Congress we were running out of Puget Sound a couple of transports, one of which was the *Dix*, which I think is still running. At that time we had the *Minnesota* and the *Dakota*; the two ships of the Boston Steamship Co., and the three ships, I think, of the Boston Tow Boat Co. I think that is the exact number. Am I right about that, Mr. Hadley?

MR. HADLEY. I think that is approximately correct.

MR. HUMPHREY. This one transport, the *Dix*, continued to run out of Puget Sound. Those American vessels that were then running from Puget Sound to the Orient pleaded with the Government to let them carry Army supplies for the Philippines. They said if they had that that they could continue to run. The department refused to

do it. They sent them on the Army transports. And I had an investigation made, and it was demonstrated beyond the question of doubt that every ton of freight that was carried cost the Government 25 per cent more than it would to carry it on these private ships. But that did not make any difference. They had that steamer and they continued to run it, and the result is that the old *Dix* remains and the American ships have gone.

Now, do not get the idea because you run a few Government ships you are not going to discourage competition. And I want to call your attention to this fact. It appears all through these hearings, without going into great detail about it, that they pretend there is a great emergency existing. Is there? Is there a great emergency existing to-day?

The CHAIRMAN. I say yes.

Mr. HUMPHREY. Where?

The CHAIRMAN. Right in our trade on the Atlantic coast.

Mr. HUMPHREY. No greater emergency exists to-day than has existed for the last 10 years.

The CHAIRMAN. I deny that, and these hearings show that that statement is not correct in any sense.

Mr. HUMPHREY. I have read the hearings—statements that I have heard for the last 10 years.

The CHAIRMAN. If you read all these hearings, Mr. Humphrey, you will change your mind.

Mr. HUMPHREY. No, I think not. If there is such an emergency—

The CHAIRMAN. I think we all agree there is an emergency.

Mr. HUMPHREY. If there is such an emergency about it, will the chairman explain why it is we are carrying more commerce to Europe to-day than ever before? And how does it get over there? It don't fly.

Mr. BURKE. How can you explain that the freight rates on the average are about 800 per cent higher?

Mr. HUMPHREY. I can explain that—

The CHAIRMAN. The shipping men say it is based on the law of supply and demand, that the demand for ships so far exceeds the supply that the freight rates have gone up in some instances a thousand per cent, and yet you say there is no emergency?

Mr. HUMPHREY. I do not think there is any that this legislation would remedy.

Mr. HARDY. Did you read Mr. Lake's testimony about his efforts to get some cargo space?

Mr. HUMPHREY. Yes; and I have known for the last 10 years that you could not get cargo from South America, and for 10 years past the ships have been coming to this country from South America in ballast.

Mr. HARDY. Do you mean to say you can read Mr. Lake's testimony and say there is no greater scarcity of tonnage now than there has been for 10 years past?

Mr. HUMPHREY. There is a greater scarcity of tonnage from here to Europe and throughout the world. I admit that, because a great deal has been destroyed; but there is no such emergency as can be met by this bill. Suppose, for the sake of the argument, that you pass this bill. Where are you going to construct those ships?

The CHAIRMAN. In American shipyards.

Mr. HUMPHREY. Where are the American shipyards?

The CHAIRMAN. We have 50 of them.

Mr. HUMPHREY. Where?

The CHAIRMAN. On the Great Lakes and on the Atlantic and Pacific coasts. They are all ready to extend their facilities to build battleships and cruisers, and I assume they would do the same to build merchant ships.

Mr. HUMPHREY. That is a different proposition.

The CHAIRMAN. Mr. Penton was before this committee the other day. You know him quite well because he was your colaborer for subsidy many years ago. He said they could build a 10,000-ton ship on the Great Lakes now and put it under its own steam in six weeks.

Mr. HUMPHREY. That is true; but how are you going to get it out to the ocean?

The CHAIRMAN. If it is not over 260 feet long and 45 feet wide we can get it out.

Mr. HUMPHREY. I would like to see you get a 10,000-ton ship, or any other vessel of that size, out of the Great Lakes.

Mr. LOUD. You would have to cut it in two pieces?

Mr. HUMPHREY. Yes; you would have to cut it in two pieces.

Mr. HARDY. Why can they not build them in shipyards on the coast as well as on the Lakes?

Mr. HUMPHREY. You can in time to come, of course.

The CHAIRMAN. I do not know that that particular ship can be gotten through to the ocean. First he said it could be finished in 10 weeks and then he wrote me the other day and said it was 6 weeks.

Mr. HUMPHREY. And that has been done in the development of our coastwise trade which my friend Mr. Hardy has always looked upon so—I will not say unfavorably—but which he has wanted to change.

Mr. HARDY. I just want to verify that.

Mr. HUMPHREY. I have here a statement in my hand from the Seattle Post-Intelligencer of March 2, about a million-dollar steamer to be built in Seattle.

Mr. HARDY. Before you get off to that, let me ask you one question in connection with this so-called free ship bill: Do you remember that you and I both agreed that it would not add a ship to our merchant registry?

Mr. HUMPHREY. Yes.

Mr. HARDY. And I told you and you agreed that there was no inducement, under that limited free ship bill, for any ship to come under our flag, and the prophecy that both of us made was that none would. And they did not until this war came on.

Mr. HUMPHREY. Now, Mr. Chairman, according to the statement by Secretary Redfield, he says the vessels which are now being constructed in this country are divided as follows: Sixty-four tankers, 71 cargo boats, 10 passenger and cargo boats, 16 colliers, 19 car floats, and 50 of other classes, a total of 230, amounting to 901,471 gross tons. If that is correct—and I have no reason to doubt it—then our shipyards are taking advantage of the situation, and they are building just as rapidly as they can. Every shipyard in this country to-day, so far as I know, is full. And if you were to give an order for

a ship to-morrow, according to Secretary Redfield—here is what he says; I will quote it. He says: "I doubt if it is possible to obtain a ship in this country at least until the latter part of 1917."

Mr. BURKE. Mr. Humphrey, let me say that about four weeks ago some Norwegian parties contracted with a shipbuilding firm at Manitowoc, on the west shore of Lake Michigan, for two vessels, with a tonnage of some seven or eight thousand tons.

Mr. HUMPHREY. I do not doubt that.

The CHAIRMAN. What would you advise us to do, nothing at all? Or is that your attitude because we can not get the ships right on the spot?

Mr. HUMPHREY. I would advise you at this time not to go on record before the country as in favor of Government ownership and Government operation of these vessels.

The CHAIRMAN. Would you be in favor of passing a ship subsidy bill at this time?

Mr. HUMPHREY. What is that?

The CHAIRMAN. Would you be in favor of passing a ship subsidy bill at this time?

Mr. HUMPHREY. It would depend very much upon what the provisions of that subsidy bill were. I do not know whether you can get vessels or not.

The CHAIRMAN. Take the one you introduced in a former Congress.

Mr. HUMPHREY. Yes, I would.

The CHAIRMAN. Could you get any ships immediately if that became a law?

Mr. HUMPHREY. You could not get ships immediately, but you would not make any payments until you could get them.

The CHAIRMAN. Is there any necessity for a subsidy now, when we are building ships in American shipyards as cheaply as they can be built abroad? And is not the cost of operating ships now under the American and foreign flags practically the same?

Mr. HUMPHREY. I very much doubt, Mr. Chairman, if there is any necessity of doing anything at this time further than creating a shipping board. Now we all have one purpose; we are all trying to build up an American merchant marine, and we might just as well look at the situation as it is. After this war closes there is going to be a tremendous amount of this tonnage released, undoubtedly, and the price of ships is going to drop. Suppose that you commence to build your ships, or to go out and buy them, you are going to pay the very highest prices that have ever been known in the history of the world; you are going to commence construction at a time when it will cost you more than it ever has before. I do not think the emergency now is any greater than it has been in years gone by. There is trouble everywhere, but we can not build and get ready by the time this war ends, in all probability. And would private parties, in the situation we are in, commence such an undertaking as this now, without regard to the question of the Government ownership features of it?

If you will permit me, I want to refer to one or two statements that Mr. McAdoo made, although I think I have already largely covered that, except that he repeats on several occasions—he first makes the statement that these vessels, if they are constructed, are intended to run where private enterprise for some reason does not find the inducement to go. If that is true, then they are going to

run at a loss. And there is certain talk about paying a subsidy, and I want to call the chairman's attention to this fact, that you are going to pay a subsidy anyway. If you employ private parties, the subsidy that you pay to private lines, theoretically at least, and as near as we were able to figure out when we proposed those bills, was to make up the difference in cost of what it cost to operate an American ship and a foreign ship; or, in other words, to enable them to run. And if you run your Government-owned ship, you are going to pay that loss anyway; you are going to sustain that loss just the same whether you pay it on a line of vessels the Government runs or a line of vessels run by private parties.

Mr. LOUD. But you have a sugar-coated pill here, haven't you?

Mr. HUMPHREY. That is the situation in which you find yourself. I was especially struck by the statement of Secretary McAdoo where he said that in a subsidy there was nothing definite. He never was more greatly in error on anything than that. All of those subsidy bills specified certain kinds of ships, of certain tonnage, of a certain speed, making a certain number of trips, and being in shape to be turned over to the Government upon a moment's notice, and to carry a certain number of boys, and not a penny was to be paid until that was done. What is there that is definite in Mr. McAdoo's proposition?

The CHAIRMAN. And that was to be paid without reference to the element of profits. I will say very frankly, if we were going to have any form of subsidy legislation, it ought to be along the lines of the bill introduced by Mr. Rowe, of New York, which was framed by the Chamber of Commerce of New York. That is the most rational subsidy bill to my mind, because that cuts out the element of profit and simply proposes to equalize the cost in construction and operation.

Mr. HUMPHREY. I want to call attention to one feature of Secretary McAdoo's statement right here: In criticizing subsidy, he said it was indefinite. He is clearly in error, as every man knows who has considered one of those bills. And I want to call your attention to this proposition. Did you ever have anything brought before Congress that was more indefinite and uncertain than this proposition? What kind of a vessel are you going to have? What character is it going to be? Is it going to be a fruit carrier, so that we can get fruit from the Pacific coast around to the Atlantic, or over to Europe? Is it going to be a lumber carrier, so that we can carry cargoes to South America and to the Orient? Or is it going to be a fast vessel that runs across the Atlantic? What is going to be the character of it? He speaks about getting in the neighborhood of from 50 to 75 vessels for naval auxiliaries for \$50,000,000. I have just read here where a contract is to be let for a million-dollar freight steamer in Seattle. If you are going to have naval auxiliaries, and that is what it comes back to finally (he takes the position that this is for the purpose of getting naval auxiliaries), do you think we are going to get naval auxiliaries for less than a million dollars apiece?

The CHAIRMAN. What kind of vessels do you think we need as naval auxiliaries?

Mr. HUMPHREY. Various kinds. There are some of the colliers—I am not an expert and I do not pretend to be an expert, but my friend Loud here does.

The CHAIRMAN. We had an expert before the committee, Admiral Benson, who stated we needed merchant vessels.

Mr. HUMPHREY. Of what character?

The CHAIRMAN. We need vessels ordinarily that may be used as cargo ships—for colliers; then we need vessels of the mail, package freight, and passenger type. In fact, the best types of merchant vessels are the kind of vessels that would be available and useful as naval auxiliaries. And I was told by the vice president and general manager of the Newport News Ship Building Co. that there was a whole lot of misinformation or misconception about the kind of vessels that might be used as naval auxiliaries. He said we need merchant ships, the kind that can be most profitably used in trade as merchant ships, to be taken over as naval auxiliaries in time of war.

Mr. HUMPHREY. If they were simply for naval auxiliaries, of course they would vary in price; but if you are going to have any scout cruisers and that class of vessels, such as the requirements we used to make in the subsidy propositions, they are going very much beyond it.

The CHAIRMAN. I think you will agree with me it would not be practicable at all to build a merchant ship of 25 or 30 knot speed. In other words, you could not operate a merchant ship like that profitably in any trade.

Mr. HUMPHREY. No; it could not be operated for mail carriage?

The CHAIRMAN. Because, when you get beyond a 16-knot speed you increase the cost of operating the ship very rapidly.

Mr. HUMPHREY. Here is a clipping handed to me by Mr. Loud, showing that the *Prometheus*, which was built in 1907, cost \$1,605,000. And if Secretary McAdoo is right, it would cost twice as much to-day.

Mr. LOUD. It has a capacity of between five and six thousand tons.

Mr. HUMPHREY. Mr. Loud says it has a capacity of between five and six thousand tons, and the price is \$1,605,622.

The CHAIRMAN. What is the speed?

Mr. LOUD. Sixteen knots. The *Prometheus* and the *Vestal* have a speed of 16 knots. They were built for colliers.

The CHAIRMAN. They were to accompany the fleet?

Mr. HUMPHREY. Yes; to accompany the fleet. I say, Mr. Chairman, there are certain classes that would be; but you take these others——

The CHAIRMAN. I would hate to think that a board created under this act would have so little sense as to build a collier or merchant vessel of that type.

Mr. HUMPHREY. According to these figures here, if Secretary McAdoo is right, the one costing \$1,738,000 and the other \$1,605,000, they would cost in the neighborhood of \$3,000,000 each.

Another thing to which I desire to call attention. Suppose that you did buy these ships. That is only the beginning of it. Where are you going to operate them? Where have you any terminals? Who is going to decide upon where to run them?

The CHAIRMAN. They have some terminals in Seattle, I am certain.

Mr. HUMPHREY. But they do not belong to the Government, unfortunately.

The CHAIRMAN. They are available to the Government.

Mr. HUMPHREY. Oh, yes; they are if you pay for them, but they are not going to give them to the Government for nothing.

The CHAIRMAN. The trusts out on the coast won't utilize them. You have noticed that?

Mr. HUMPHREY. I have noticed that statement by my friend, Bob Bridges, and he has been my good friend for many years, and he is my friend now; but my friend Robert can take a little corporation shadow and hold it so close to his eyes that it shuts out all the rest of the universe. He is a very estimable gentleman, but I would not take his judgment alone on any proposition.

The CHAIRMAN. The port of Seattle invested \$5,000,000 in those terminals.

Mr. HUMPHREY. I think more than that.

The CHAIRMAN. And I doubt if there are as fine terminals in any port in the United States as they have in Seattle. And yet the Waterhouse Co. and some of the other steamship companies refuse to consign goods over or to unload cargoes at those docks.

Mr. HUMPHREY. I saw that statement——

The CHAIRMAN. We want to correct that under section 9 of this bill.

Mr. HUMPHREY. You do not have to go into Government ownership to correct that.

The CHAIRMAN. We are going to correct it under section 9 of this bill.

Mr. HUMPHREY. You do not have to have Government ownership.

The CHAIRMAN. The Government has to use its strong arm to do it.

Mr. HUMPHREY. To start with, I always take an ex parte statement with some degree of allowance. Perhaps if you heard the other side of the story it might be different.

The CHAIRMAN. You do not want to be understood as saying there is nothing in the conditions there which needs correcting?

Mr. HUMPHREY. I do not know whether there is or not; but I say frankly I would not be carried off of my feet by any statement Mr. Bridges makes.

The CHAIRMAN. I was out there and saw those terminals.

Mr. HUMPHREY. There is no question about their being wonderful terminals. I think probably they are the best on the Pacific coast with one or two exceptions. I think Los Angeles and San Francisco has the equal of them. I am glad my friend Judge Alexander came out there and saw what we were doing on the Pacific coast.

I just want to say this one thing now in addition: It appears from the statement of Secretary Redfield that all the shipyards of this country are crowded. I have not heard the evidence here, and I do not know whether there is any claim that there are ships anywhere in the world that can be bought now. I see Secretary McAdoo says he could have bought them.

The CHAIRMAN. No; not now.

Mr. HUMPHREY. Not now; no. So we are faced with the situation that when this war closes there is going to be a great release of tonnage, and there is going to be a readjustment of all the shipping of the world, and it does seem to me that this would be the most inopportune time possible for us to embark upon this new and untried policy of Government ownership. Now, with all kindness and without wanting to say anything harsh about either one of them, I call the attention of the committee to the statement made by Secretary McAdoo and

Secretary Redfield time and again. It runs all through this hearing which I read last night. They seem to be imbued with the idea that they can run a shipping business or any other business better than anybody else. Frequently Mr. McAdoo makes this statement, that they are going to demonstrate to the world how to build ships; that they are going to do it better and cheaper than it has ever been done before. And one of the main arguments he makes is that he wants the Government to give him \$50,000,000 in order that he can demonstrate to the world that they can build ships cheaper than anyone else ever has built them.

The CHAIRMAN. Not he, but we.

Mr. HUMPHREY. Yes; we.

The CHAIRMAN. The American citizens.

Mr. HUMPHREY. Now my friend, Secretary Redfield, has made statements of the same character. Secretary Redfield believes he can run any business, from making matches to building battleships, better than anyone in the United States, and a great deal better than anyone in the business. I do not agree with him. I think that this whole proposition is simply untenable and uncertain—a mere dream. They have not given to you any definite details about what they expect to do. And if some man had come in here with a subsidy proposition that the Government pay out \$50,000,000 in subsidy and did not specify the character of the ship, did not tell you where it was going to run, and told you nothing about it, except "if you will do that, I will go and build ships cheaper than anybody else in the world ever has done and demonstrate to the rest of the nations of the world and to the shipping people that they do not understand their business," how long would you have listened to it? I do not believe there is any human being living that would take his own capital and go into a proposition of that kind, and I think it takes the National Treasury to start an undertaking like that, and I do not believe that either one of those gentlemen would invest their own capital in such an undertaking.

Mr. GREENE. I want to ask you a few questions. A gentleman by the name of Smith, Capt. Smith, appeared before us yesterday and made the statement that with the \$50,000,000 we could build 200 ships. He came here as an expert seaman and as an expert agriculturalist, and I do not know how many other lines he was expert in—an expert seaman and he had commanded vessels—and he made the statement clearly and distinctly that with the \$50,000,000 provided in this bill, you could construct 200 ships that would be suitable for the over-seas trade.

The CHAIRMAN. In normal times.

Mr. GREENE. Oh, no; he did not.

The CHAIRMAN. Now, treat the gentleman fairly. He said in normal times, and I say that was not only possible but it could have been done prior to the war in Europe.

Mr. GREENE. No; he states it could be done with this money now, as I understood him.

The CHAIRMAN. Oh, no. Now, you ought to be fair.

Mr. GREENE. I want to be corrected if he did not; but I think he stated distinctly—and I asked him the question how many ships could be built with this money (and the record will show whether I am correct or not), and he said 200. I asked him how many ships

he supposed could be built with this money, and he said 200 with the \$50,000,000. He said that would be about \$250,000 apiece.

Mr. CURRY. I think he did correct himself.

Mr. HARDY. The gentleman was very modest and claimed he did not know much about that part of the subject.

Mr. GREENE. He stated it rather broadly when he stated it. If he corrected it afterwards, I did not hear him.

Mr. HARDY. He was brought over by yourself and others.

Mr. GREENE. Oh, no; he was not brought over by me. It was in answer to plain questions that were asked him as an expert.

The CHAIRMAN. I think his statement is consistent and sensible.

Mr. GREENE. There is another thing I want to ask you, and that is how long a vessel could come through the Welland Canal?

Mr. HUMPHREY. I do not know, Mr. Greene; I am not an expert.

Mr. GREENE. I am told that no vessel over 236 feet in length could come through.

The CHAIRMAN. Secretary Redfield made that statement.

Mr. HUMPHREY. Permit me just here to read something that Secretary McAdoo said. He said, in answer to a question from you Mr. Greene:

I understand that not a great deal of equipment would be necessary if the machinery and the material was shipped there to be assembled at those yards. You see, a lot of this stuff can be turned out in the interior of the country and shipped and assembled on the seacoast.

I merely call attention to that to show that while I know nothing whatever about shipbuilding, the proponent of this bill apparently knows as little about ship construction.

The CHAIRMAN. I suppose he had in mind that ship your friend Penton said they could build up there in six weeks.

Mr. HUMPHREY. My friend Penton could demonstrate that he knew a great deal more than the one making this statement.

The CHAIRMAN. Have you read his testimony?

Mr. HUMPHREY. I have read Secretary McAdoo's testimony, and I am convinced that he knew nothing about shipbuilding; that he is simply a dreamer, and is asking the United States to give him \$50,000,000 in order to demonstrate that the other men on the earth do not know their business.

Mr. HARDY. Do you think he is any more of a dreamer than the man who with an increase of a thousand per cent in freight rates thinks it is necessary to-day to give subsidy?

Mr. HUMPHREY. I am not going to discuss the question of subsidy with you.

Mr. HARDY. I want that sort of a dream.

Mr. HUMPHREY. The gentleman has had his dreams around this table the same as I have, but unfortunately mine have always come true.

Mr. HARDY. I want to say that it has frequently been argued by the gentlemen who have appeared here before us that this bill is in the nature of a subsidy. If I believed it was, we would reverse our positions, for I would be inclined to fight it if I thought it was a genuine subsidy bill. That is my contribution. I do not mean to arouse an argument, because I know you and I never could agree.

Mr. HUMPHREY. I will make this one statement now, with due apologies to my friend Judge Hardy, that it must take a peculiar

character of mentality in a man who can hold up his hands in horror at taking out of the Government Treasury a few million dollars to pay ships to operate in a specific undertaking, in a specific service, ships of a certain character, to be at the command of the Government in time of war, and yet to advocate the taking of \$50,000,000 out of the Treasury in a lump to go to a half-baked socialistic scheme that nobody knows where it is going to lead to.

Mr. HARDY. The peculiar mentality is on the part of the gentleman from Washington.

Mr. HUMPHREY. If mine is peculiar and yours is normal, I will take the peculiar position.

Mr. HARDY. The point is the gentleman can not stand for a simple, straight-cut proposition. I say, if this was a subsidy proposition our positions would be reversed; you would be for it and I would be against it. Now, the mentality of some gentlemen is such that they see in this bill a subsidy. The truth is it is farthest from a subsidy. A subsidy is a kind of a bounty given to a private individual. This is a contribution to the general welfare. I am about sure that the gentleman does not contend that the building of the Panama Canal was a subsidy. But I have heard it argued that the improvement of our rivers and harbors is a subsidy, and that our post office is a subsidy.

Mr. HUMPHREY. I think so.

Mr. HARDY. But the trouble with that class of subsidy is it goes for the benefit of the public and not for the benefit of some special, private interests. That is the reason I favor that class of general benefit and the gentleman favors the other, of special benefit. Now that may be a peculiar mental attitude, but it nevertheless is mine.

Mr. HUMPHREY. You won't have to argue with me about that matter, for it is peculiar. I admit it. Now, Mr. Chairman, while I do not intend to go into the subsidy business, I wish some day my friend would arise in his place in the House and denounce the subsidies we pay to the magazines of this country, amounting to some \$63,000,000 a year. That is a private enterprise, and that money goes straight to them. We give them \$63,000,000 a year. They do not pay the Government anything in return.

The CHAIRMAN. I will not say what I think about that.

Mr. HUMPHREY. Whether it is a subsidy, or whatever you may call it, it all gets back to the National Treasury, and I do not see any difference whether you take it out and call it a subvention, or whether you reach straight in and take it out in a lump and call it something else.

The CHAIRMAN. You and I both know how to get 1-cent postage for the American people in a practical way.

Mr. HUMPHREY. I will vote for it, if you will introduce a bill. I am in favor of it.

The CHAIRMAN. But you won't vote to increase the rate on second-class mail matter to equal half the cost to the United States Government for carrying it?

Mr. HUMPHREY. I won't! You give me an opportunity and I will vote for it in a minute. I think that is the most obnoxious, indefensible subsidy in the world. And that is the reason we have to pay 2 cents on our letters. Here we have magazines circulating advertisements in this country, 70 per cent of which is advertising matter,

and yet the business man has to pay five times as much to advertise as the magazines do. And then for a man to stand up in holy horror here and talk virtuously about being opposed to subsidy. You will never get me in that position so far as magazines are concerned.

Mr. HARDY. The gentleman is opposed to subsidy if it is a general benefit to the public at large. I know that. He is not in favor of that a particle.

Mr. HUMPHREY. Judge Hardy and I will never agree on subsidy.

Mr. EDMONDS. I want to go back to the bill and ask you a few questions. You say that you are in favor of a shipping board. What powers would you propose to give the shipping board?

Mr. HUMPHREY. Mr. Edmonds, to be frank with you and with the committee, I have not given this question much study and I do not know that my opinion would be of much value. But it has seemed to me for a good many years, and I think my friend Hardy will agree with me on that (I hope so), that in the present condition we have, and with the many complaints that are made that the American ship is not fairly treated—and I do not think anybody has any thought but what that is true, in the foreign fields, at least—that it might be a wise thing to have a board and to give it power, perhaps not as great as the board of trade in England, but to give it some power over regulating those things until we can get American ships on the seas.

Mr. EDMONDS. You mean to regulate the rates?

Mr. HUMPHREY. I am not sure whether you should go that far or not. Probably that would be a good thing; but I do not know. But I want to say one thing, that I was glad to see Secretary McAdoo come out in favor of American combinations if necessary in the foreign trade. It has seemed to me for many years it was a shame and an outrage that we would not permit the American shippers and American ships to combine in foreign fields where they have to fight combinations. For years upon the Pacific coast, we have suffered from that very identical thing, that they would not permit the lumbermen on the Pacific coast to combine so that they could send one agent down to South America to represent all of them, so that when he would give a price it would represent the price of all the manufacturers of lumber, so that we could invade the market and fight competition of our competitors who are doing exactly the same thing. The foreign lumber manufacturers have a representative there who speaks for all of them. And I am mighty glad to see Secretary McAdoo make that statement, because I think that is right.

The CHAIRMAN. I think that is coming.

Mr. HUMPHREY. I think so. In my judgment, that provision should never have been in the antitrust law. Attorney General Wickersham made a written statement once that this provision did not apply to the foreign trade. I saw that letter; but it is so close a question that no man wanted to take the chances of being prosecuted.

Mr. CURRY. The Navy will be short of auxiliaries in the near future and they will need auxiliary ships. Now, suppose this bill was changed so as to provide an appropriation of \$50,000,000 to be expended by the Government in the construction of naval auxiliaries in the navy yards of the United States (those are the only yards not being used to capacity at the present time, although some of them are), those naval auxiliaries to be used in the over-seas trade and commerce in

times like the present conditions, would you object to the bill then? That is, to take out absolutely the proposition of Government ownership, so far as appropriating more than this \$50,000,000 is concerned, and to use this \$50,000,000 for the construction of naval auxiliaries, to be constructed in such manner as could be used for carriers and to use them then in the over-seas trade to relieve conditions such as prevail at the present time?

Mr. HUMPHREY. I think that would be less objectionable than the shape in which it is now. If there is a condition which exists in our Navy where, for the purpose of defense, to make our Navy useful—if that emergency exists, then—I think we ought to take some steps to provide relief, if it is not to be provided in private yards, through our navy yards.

The CHAIRMAN. Admiral Benson testified before the committee that we needed about 600,000 tons of merchant ships now that could be made available as naval auxiliaries; that is, as a complement to our present Naval Establishment.

Mr. HUMPHREY. I notice Secretary McAdoo says that would supply about 40 per cent of what we need. But, Mr. Curry, there is this thing to be thought about: There are two questions presented there, both of them worthy of consideration. If we are going to have those ships, the question arises, Shall we tie them up and not operate them? On the other hand, if they once enter into trade, it is very doubtful whether we would ever be able to get them out. Now, we have had experience with the transports to which I called attention before you came in. We know how it is with all Government operations and bureaus; they are ambitious, and if you allow a department to have ships they are very apt to be like all the other departments—and it is not to their discredit, but it is to their credit—and they become enthused with the work and they want to reach out more and more. And if you once commence a proposition of Government ownership, I do not think you will ever end it, and the result will be that private ownership will be destroyed. I think whenever you reach that point you have to take the choice between the two, because private enterprise is not going to build ships and go into competition with the Government, with the National Treasury in back of it.

Mr. CURRY. This will not be a permanent entering into the business. If they were naval auxiliaries they would be absolutely under the control of the Secretary of the Navy, and he could say what ships could be spared from the Navy, and he could say when they wanted them back again.

Mr. HUMPHREY. I understand there are quite a good many now—quite a number which could be spared if operated as economically as the ordinary merchant ship.

Mr. CURRY. That ought to be done, don't you think?

Mr. HUMPHREY. It is a question for the Navy to decide. They have the control of them.

Mr. HADLEY. He has asked your attitude in reference to the question as he put it. Now, suppose—the section providing for a corporation and for the Government to take stock (which is referred to as the Government-ownership provision, whether it be that or not) should be eliminated and a provision was retained, as Mr. Curry suggests, for naval auxiliaries and appropriation made for an investment of that kind, and also limited to the leasing by the Government of

those auxiliaries in times of peace, with certain requirements of service and, instead of Government operation, to provide for their operation by lessees, and if they could not be found to be operated by the Government, so that they would not necessarily be absolutely tied up, how would that provision in a bill be regarded by you?

Mr. HUMPHREY. I think that would be better than Government ownership. As I said, Mr. Curry, before you came in, we had some experience out at Seattle with Government ownership with the transports there. We got one old transport and it kept running and we lost seven merchant ships. Had we kept that one Government-owned ship out probably we could have kept the others running.

The CHAIRMAN. Have you read this bill, Mr. Humphrey?

Mr. HUMPHREY. Yes. I understand it is not the purpose, at least from reading Secretary McAdoo's statement, for them to operate except as the last extremity, although I think there is still a provision—

The CHAIRMAN. Section 8 provides that in cases where private enterprise will not utilize these ships, to open up trade to American commerce, that the Government may open up a line. But the prime purpose of the bill is for the Government to expend this money in the building of ships to be leased or chartered to private parties to be operated in these trades that will facilitate the extension of our foreign commerce. That is the prime purpose. There is this reserve power in the Government that if there are trades where it is desired to open up our commerce and where the field is not sufficiently inviting for private capital, then the Government may establish a line or put on tramps. Now, that is it; it is reduced to a minimum. And if that provision were out of the bill, the question is whether or not the people who might want to charter these ships would not take advantage of the Government and say, "We will take the ships, but we will take them at our own price."

Mr. HUMPHREY. I imagine if this bill was enacted and judging partly from what Secretary McAdoo said, that if they had any ships available on the Pacific one of the first things they would do would be to start a line from San Francisco and Seattle across the Pacific. There are no American ships there, and if they started running, I doubt whether they would ever come back again.

Mr. CURRY. You take that as a foregone conclusion, that that is what would be done. Of course I do not believe in the Government entering into business in competition with its citizens and driving them out of business. I believe the business of the Government is to govern; but when the Government can run a business for the benefit of all of its citizens better than an individual that is a different proposition; and here is the position that confronts us particularly on the Pacific—the Japanese lines give preferential duties to their own people, as you know.

Mr. HUMPHREY. I know it.

Mr. CURRY. These subsidized Japanese lines, and even the tramps, are not permitted to raise the freight rates to Japanese exporters and importers, but they can make all the money they please out of you or me or anyone else who has goods to ship. That is the condition we have on the Pacific at the present time.

Mr. HUMPHREY. Will you permit me, right at that place, to call your attention to the fact that on October 16, 1915, that very thing

was done. Japan ordered a general advance on cargoes and products from all ports here. The rates from Japan to the United States continue as they are, but the new rates are \$9 a thousand feet on lumber from Washington and \$7 from Manila, and an advance on flour of \$5.58 a barrel and \$6 from Manila.

Mr. CURRY. That is practically the same as the condition in Great Britain. There is very little rise in the rates on exports from Great Britain but a great deal on imports.

Mr. HUMPHREY. Yes.

Mr. CURRY. Suppose that this bill was changed so as to provide for \$50,000,000 worth of naval auxiliaries, and those auxiliaries to be built in such manner that they could be used as freight ships; what harm would there be, when they were not doing anything else, in putting them in the over-sea trade from Seattle or San Francisco to go over to Japan and to give the American exporter a chance? Of course, I do not mean putting them into that business, to the detriment of an American line, and keeping them in that business in perpetuity, but to relieve a condition like the present; those ships to be absolutely under the control of the Secretary of the Navy, but at the time when they were not used for naval purposes, the Secretary of the Navy can say to this shipping board, "You can have this, that, or the other ship, to put into any trade you think would be beneficial to the American exporter and importer," and they could be used in that way in lines not now adequately served and to be recalled by the Secretary of the Navy at any time when he wanted back those ships for the use of the Navy. Do you think that would be a bad proposition?

Mr. HUMPHREY. I am not going to admit the premises of your proposition, that the conditions on the Pacific are to remain as they are. If we are to abandon the idea that the American flag can ever be placed back on the ocean again, except by Government ownership, then I think I agree with you.

Mr. CURRY. No; I think you must have forgotten my first statement of four or five minutes ago, that this is to meet a condition that exists to-day, not a permanent proposition. If there is an American line running or an American line put into the trade, why, we would take these off.

Mr. HUMPHREY. Oh, if we had the ships already constructed and it was an emergency proposition, under conditions such as we have now, I would see no objection to running them. But the objection I have to this proposition, Mr. Curry, is in the first place it is wholly indefinite and uncertain. You do not know what you are going to do; you simply ask in this bill to appropriate \$50,000,000 for some board to go to work and do something with it.

Mr. CURRY. That is one of my objections to the bill.

Mr. HUMPHREY. Under this proposition, we all know that political influence will appear immediately. Suppose you have these vessels, where are you going to run them?

Mr. CURRY. Give them to me and I will run them.

Mr. HUMPHREY. You will have New York and San Francisco thinking they ought to have them, and New Orleans will want them and Seattle will think they ought to have theirs.

Mr. EDMONDS. As long as you do not raise any objection, give them to Philadelphia. You do not seem to object to Philadelphia.

Mr. HUMPHREY. Yes; give them all to one place. The trouble with this thing is you are going to scatter them around, to take what you can build with the \$50,000,000 and scatter them around all over the country, and you will just have enough to discourage private enterprise and do no good.

Mr. CUREY. A couple of those ships could be built at Bremerton very easily, and a couple at Mare Island, and used to relieve the shipping conditions on the Pacific.

I am opposed to Government ownership of our merchant marine just as strongly as you are.

Mr. HUMPHREY. I think we agree on that.

Mr. LOUD. This bill provides there is to be a commission of five, and two of that commission will be cabinet officers. Would you favor putting cabinet officers on such a commission?

Mr. HUMPHREY. No; I would not. Because the average cabinet officer is just what he ought to be; he is a good man for that place, and usually a politician, and he ought to be; but he does not usually know very much about business. From what I have known of cabinet officers since I have been here, they have little knowledge of business. And if they are going into business they ought to be divorced from politics. But that is a minor consideration.

Mr. HADLEY. I do not think you got the full force of my question as to whether your objection would go to the leasing of auxiliaries as against Government ownership.

Mr. HUMPHREY. I think that would be much preferable.

Mr. HADLEY. In leasing, in case a lessee could not be found, then for the Government to be free to operate, because private parties would not be interested.

Mr. HUMPHREY. I will tell you why, Mr. Hadley, I think leasing would be far preferable, because my experience has been, and that has been in shipping, too, as well as other matters, that it costs a great deal more for the Government to operate vessels or do almost any other kind of business, except where it is a natural monopoly, like our city water or city lights; and I had that illustrated in regard to the transport service. I had a thorough investigation made of that and had a committee appointed to investigate it when I first came down here. They carried passengers for a dollar a head, and they credited themselves with what the private lines charged for carrying them, so that the more people they carried for nothing the more money they made. That was exactly what it demonstrated; but it showed in going through the books that it was costing the Government all the way from 25 to 50 per cent more to get the same work done than it could be done for by a private line; and yet we could not stop it. Secretary of War Root, I think, ordered part of them stopped at one time and wanted to sell them, but it caused a great uproar, just as you would have now from the Army officers and all the men connected with that department, if you wanted to discontinue them.

Mr. GREENE. I was talking with you about the length of vessels that can come through the Welland Locks. I am informed that no vessel over 236 feet in length can come through those locks. And if vessels were built of a greater length on the Lakes they would have to be cut in two and put together at Montreal and taken through in separate parts.

The CHAIRMAN. That is the way they build them and that is the way they get them through. It is entirely practicable.

Mr. HUMPHREY. They do get some of them through. Some of them on our coast were brought through.

Mr. GREENE. But they have to be taken in pieces and then put together.

Mr. HUMPHREY. Yes.

Mr. ROWE. But they are only brought through in extreme times; in times like these when there is a demand for steamers and you can not get them.

The CHAIRMAN. Oh, no. I do not think that is correct. I think for several years past they have been doing that.

Mr. GREENE. Can you produce the evidence of their doing that to any great extent?

Mr. LOUD. It is only a very rare and occasional thing it is done.

The CHAIRMAN. I do not know to what extent, but I have heard of it.

Mr. LOUD. It is only at times when a very large price can be obtained for the ship that they will do that thing to it.

Mr. GREENE. That is what I would like to know. I do not know whether Mr. Humphrey knows, but if the chairman has the information I would like to have it.

The CHAIRMAN. Mr. Duff made a statement to me about that.

Mr. EDWIN H. DUFF. Mr. Chairman, the only information I have about it is that I was negotiating during the past six months for a steamer to be brought through the Welland Canal, and we had a price of about \$23,000 for cutting her apart and rejoining her at Montreal. It was perfectly practicable to do it. The total cost of the vessel was something under \$300,000. So that was only about 10 per cent of the total cost of the vessel.

The CHAIRMAN. But if the vessel was built in the first instance with a view of cutting it up or building it in sections and then taking it through the canal, that would eliminate part of that cost, would it not?

Mr. DUFF. If it was contemplated, yes. This was a vessel already constructed and sold for use on the Atlantic coast, and they had to cut her apart and then to join it together at Montreal.

The CHAIRMAN. But if they were built in the first instance with a view of taking them through, and they were built in sections and then rebuilt at Montreal, that would reduce the cost?

Mr. DUFF. That would materially reduce the cost; yes, sir.

Mr. GREENE. I would like to submit the following to be printed in the record:

To the Maine State Board of Trade:

Your committee on merchant marine has considered the maritime questions and before the country and begs leave to report:

It indorses the declaration of the United States Chamber of Commerce that it would be a mistake for the Government to enter the shipping business; particularly at this time when every available merchant ship is in operation throughout the world and every American shipyard is being worked to its greatest capacity in an effort to meet the demands of private capital for more vessels. Your committee calls attention to the following facts:

1. More merchant tonnage is now building in the United States than at any other time in the history of the country.
2. War conditions have made it possible at this time to build ships in the United States as cheaply as they can be built anywhere.

3. The wholesale building of vessels made possible by the present unprecedented demand, and the development resulting therefrom, together with the higher wages which workmen in foreign shipyards now receive and will continue to demand for some years at least, give promise that the American shipbuilder may be able to continue his successful competition with foreign yards even after the end of the European war. Therefore there certainly is not now, and possibly there never will be, any substantial reason for threatening the owners of American ships with legislative changes which may mean a serious disturbance of our coastwise carrying trade.

4. The extended testimony recently taken by the shipping committee of Congress, testimony exhibiting all varieties of opinion, is in absolute agreement on the one point that to retain and build up American trade in foreign countries American ships are necessary.

5. The difference in the cost of operating a ship under the American flag and one under the foreign flag has been greatly reduced; and it is the testimony of Secretary Redfield that this former great handicap of American ship operators will be further reduced and may entirely disappear.

Wherefore your committee is of the opinion that there is no call for radical action at this time; that private capital now so actively engaged in creating a fleet of American-built vessels should not be hampered in its work by the threat of Government competition; and that when the new conditions of ocean transportation which will surely become manifest when the merchant fleets of the world resume their peaceful service, have become known and understood, then the Government should ascertain what, if any, unfair advantages foreign shipowners still retain over their American competitors, and enact such legislation as may enable American shipyards to continue in operation and Americans to send their products abroad under the American flag.

Respectfully submitted.

EDWARD C. PLUMMER,
FRITZ H. JORDAN,
HENRY LORD,

Committee.

Mr. ROWE. I would like to have printed in the record the following resolution received from the Maritime Exchange of New York:

MARITIME ASSOCIATION OF THE PORT OF NEW YORK,
New York City, March 15, 1916.

HON. FREDERICK W. ROWE,
Committee on the Merchant Marine and Fisheries,
House of Representatives, Washington, D. C.

DEAR SIR: I beg to hand you herewith resolutions adopted by the board of directors of the Maritime Association of the Port of New York at a regular monthly meeting held on the 8th instant, viz:

Whereas, legislation has again been proposed in Congress (H. R. 10500) which provides in effect for Government ownership and operation of merchant vessels, including the regulation of rates to be charged by all corporations, firms, and individuals engaged as common carriers between ports of the United States and between the United States and foreign ports and its Territorial possessions, and further providing for the licensing of all such operators before they shall be permitted to engage in trade: Therefore be it

Resolved, That the Maritime Association of the Port of New York reaffirms its previous action in opposition to the principle of a Government ownership and operation as applied to the merchant marine, believing it to be not only impracticable but ineffectual to achieve the ends sought, for the following reasons:

1. The number of vessels which it would be possible to obtain either by building, charter, or purchase within the limits of the appropriation contemplated, would not be sufficient to appreciably affect present existing conditions, even if such vessels could be promptly secured. In view of the position taken by belligerent nations regarding the transfer of their ships, and the crowded condition of American shipyards, there would appear to be no vessels available for the Government to secure at this time. It is apparent, therefore, that by the time a sufficient number of vessels could be acquired to carry out the plan proposed, normal conditions will undoubtedly prevail, and the Government will find itself with a large amount of vessel property on its hands for which it will have no use except in direct competition with the owners and operators of American vessels, who would be unable to operate their ships in competition with a Government line in which the items of interest, depreciation, and insurance, and the necessity for making a profit, or at least meeting expenses, were not taken into consideration.

2. That the regulation of rates as contemplated could have but one result—to place our foreign carrying trade solely in the hands of foreign competing vessels, over which the proposed shipping board could exercise no control. An advantage would thus be gained by our competitors which would force our vessels to withdraw from the trade, and the shippers would face conditions which would be a serious handicap in the conduct of their business, and which in the case of the smaller shipper would be practically prohibitive.

Further, our shippers would be placed at a serious disadvantage in competition with foreign shippers, in that the latter would necessarily know the freight rate on which our shippers had to figure to do business, and consequently they, with the aid of a foreign government subsidized line, would be able to compete successfully.

Further, the law of supply and demand has always been the best regulator of rates.

3. It is apparent that the experienced shipping men throughout the country, from their intimate knowledge of shipping affairs as a result of years of application and a careful study of the particular needs of various trades, should be in the very best position to accurately forecast the effects of the legislation proposed, and they are practically unanimous in their opinion as to the futility of the proposition as an aid to the upbuilding of an American merchant marine or as an incentive to the extension of our foreign trade. On the other hand, they believe that any attempt by the Government to engage in the shipping business would so hamper and discourage present owners and operators of American ships that they would be compelled to withdraw from trade; it would mean the loss of a large amount of capital which has been invested in good faith by the American ship owner, often in the face of most discouraging conditions and burdensome legislation.

4. We believe it would be most undesirable that the Secretary of the Navy and the Secretary of Commerce should be named as members of a board such as is proposed, for the reason that these gentlemen have such a multiplicity of affairs in connection with their respective departments requiring their constant attention, that they would be unable to devote sufficient time to the affairs of the shipping board, that would enable them to acquire that thorough and comprehensive knowledge of shipping affairs which a member of such a board should possess.

5. It is apparent that, in view of the large orders that have been placed by American shipowners within the past year for the construction of vessels, which orders are now taxing American shipyards to their utmost capacity, that there is no hesitation on the part of our people to invest in vessel property when a fair return on the investment is promised, all of which we believe should receive due consideration in congressional councils and result in the enactment of legislation which will lessen the difficulties with which American shipowners have long contended in competition for the foreign trade.

Further, that while all shipbuilding plants have contracted for practically all of the vessels they can build within the next two years, many other vessels would have been contracted for, for later delivery, had it not been for the possibility of unfavorable legislation, making it difficult to secure sufficient capital to build these vessels, and in many instances causing the prospective owners to discontinue their negotiations.

6. The Maritime Association of the Port of New York, comprising in its membership representatives of practically all interests identified with shipping at this port, respectfully urges that legislation inimical to our shipping interests such as proposed in H. R. 10500 be not enacted, and respectfully submits that the present situation as regards shipping facilities will in no wise be improved by the entrance of Government ownership, which we consider an extremely dangerous experiment, the effect of which will be disastrous to our merchant marine and detrimental to the interests of the country at large.

Very respectfully, yours,

J. B. MORRELL, *President.*

Attest:

Jos. M. DOWD, *Secretary.*

The CHAIRMAN. I have several communications which I will place in the record. The first is a communication from the Mobile (Ala.) Chamber of Commerce and Business League to the President of the United States, indorsing the shipping bill.

MOBILE CHAMBER OF COMMERCE AND BUSINESS LEAGUE,
Mobile, Ala., February 24, 1916.

Hon. WOODROW WILSON,
President United States of America,
Washington, D. C.

DEAR SIR: At a meeting of the general membership of the Mobile Chamber of Commerce and Business League, held Monday, February 21, a resolution was passed indorsing the plan of the administration promoting American merchant marine. The resolution is in accordance with the bill introduced in Congress by Representative Alexander. We take pleasure in advising you to this effect.

Yours, respectfully,

MOBILE CHAMBER OF COMMERCE AND BUSINESS LEAGUE.
 By E. M. BAILEY, *President.*

Also copy of circular letter from the Commissioner of Navigation to collectors of customs, showing why more foreign ships are not taking out American registers:

DEPARTMENT OF COMMERCE,
 BUREAU OF NAVIGATION,
Washington, January 22, 1916.

Collector of customs.

SIR: In the past 11 months leading maritime nations possessing over three-fourths of the world's merchant shipping under foreign flags have passed laws or issued decrees forbidding their citizens or subjects to sell and transfer to the flag of another nation any merchant ship under their respective flags except by a special permit from the Government. Great Britain enacted such a law on February 12; Austria-Hungary issued such a decree on August 27; Denmark on October 8; Germany enacted such a law on October 21, France on November 11; Norway issued a decree on December 6; Brazil on December 9; and Spain promulgated a law on January 9, 1916. The merchant shipping of these countries aggregates 33,900,000 gross tons out of a total of 43,370,000 gross tons of all foreign nations. Other nations may promulgate similar laws or decrees for the duration of the war, and notice of such laws or decrees may not be received in this country until after they have taken effect.

The Bureau of Navigation suggests that prospective American purchasers of ships under foreign flags with a view to American registry will consult their own interest in a clear title if in all cases they acquaint themselves with the transfer law of the nation whose flag the ship, proposed to be bought, now flies.

Please bring the subject to the notice of those concerned.

Respectfully,

E. T. CHAMBERLAIN, *Commissioner.*

Also a list of foreign built vessels prepared by the Commissioner of Navigation to which American registers have been granted under the act of August 18, 1914, up to March 21, 1916; also list of American vessels sold to foreigners from September 1, 1914, to March 21, 1916:

Foreign-built vessels admitted to American registry under the act of Aug. 18, 1914.

Official No.	Signal letters.	Rig.	Name of vessel.	Gross tons.	When built.	Present owner.	Home port.
212529	LDNS....	St. s.....	Oceana ¹ a.....	7,796	1891	Morse Dry Dock & Repair Co.	New York, N. Y.
212543	LDNV...	St. s.....	Moldegaard ¹	2,852	1906	Bull-Inular Steamship Co.	Wilmington, Del.
212925	LDPF....	Bark.....	Windrush ¹	1,531	1891	Shepard & Morse Lumber Co.	Boston, Mass.
212565	LDPJ....	St. s.....	Tivives ¹	5,017	1911	Tivives Steamship Corporation.	New York, N. Y.
212566	LDPK....	St. s.....	Trinidadian ¹	2,450	1892	Gulf Refining Co.....	Port Arthur, Tex.
212568	LDPM....	Sch.....	Roseway ¹	291	1907	F. H. Farwell.....	Do.
212569	LDPN....	St. s.....	Santa Rosalia ¹	5409	1811	United States Steel Products Co.	New York, N. Y.
212570	LDPQ....	St. s.....	Kentra ¹	4,682	1906	.....do.....	Do.
212571	LDPR....	St. s.....	Bantu ¹	4,188	1901	.....do.....	Do.
212572	LDPS....	St. s.....	Crofton Hall ¹	5,773	1913	.....do.....	Do.

^a Transferred to Spanish flag.

¹ Passenger vessel.

² Freight vessel.

³ Tanker.

750 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Foreign-built vessels admitted to American registry under the act of Aug. 18, 1914—Contd.

Official No.	Signal letters.	Rig.	Name of vessel.	Gross tons.	When built.	Present owner.	Home port.
212573	LDPT	Bar ¹	Annie M. Reid ¹	2,165	1892	James Rolph, Jr.	San Francisco, Cal.
212786	LDPV	St. s.	San Francisco ¹	5,102	1914	United States Steel Products Co.	New York, N. Y.
212747	LDPW	St. s.	Buenaventura ¹	4,881	1913	do.	Do.
212453	LDQB	St. s.	Charlton Hall ¹	4,749	1907	do.	Do.
212486	LDQC	St. s.	Craster Hall ¹	4,319	1909	do.	Do.
212693	LDQF	St. s.	Howick Hall ¹	4,922	1910	do.	Do.
212583	LDQG	St. s.	Zacapa ²	5,012	1909	Zacapa Steamship Corporation.	Do.
212584	LDQH	St. s.	Cartago ²	4,937	1908	Cartago Steamship Corporation.	Do.
212586	LDQJ	St. s.	Sixaola ²	5,017	1911	Sixaola Steamship Corporation.	Do.
212587	LDQK	St. s.	Brabant ²	2,773	1890	The Texas Co.	Port Arthur, Tex.
(4)	LDQM	St. s.	Foxton Hall ¹	4,216	1902	United States Steel Products Co.	New York, N. Y.
212592	LDQN	St. s.	Limon ¹	3,297	1904	Limon Steamship Corporation.	Do.
212596	LDQP	St. s.	Panuco ²	2,556	1888	Freeport & Tampico Fuel Oil Transportation Corporation.	Do.
212597	LDQR	St. s.	Pinar del Rio ¹	2,504	1895	American & Cuban Steamship Line (Inc.).	Do.
212600	LDQS	Sch.	C. W. Mills ¹	371	1904	John George Murphy.	Mobile, Ala.
212710	LDQT	St. s.	Suriname ²	3,274	1908	Suriname Steamship Corporation.	New York, N. Y.
212601	LDQV	St. s.	Brindilla ²	4,170	1894	Standard Oil Co.	Do.
212603	LDQW	St. s.	Turialba ²	4,962	1909	Turialba Steamship Corporation.	Do.
212604	LDRB	St. s.	Metapan ²	5,011	1909	Metapan Steamship Corporation.	Do.
212605	LDRC	St. s.	Heredia ²	4,943	1908	Heredia Steamship Corporation.	Do.
212606	LDRF	St. s.	Esparta ¹	3,297	1904	Esparta Steamship Corporation.	Do.
213488	LDRH	Ship	Avon ¹	1,573	1884	Avon Shipping Co. (Inc.).	Boston, Mass.
212612	LDRJ	St. s.	Abangarez ²	4,954	1909	Abangarez Steamship Corporation.	New York, N. Y.
212613	LDRK	B ¹	E. R. Sterling ⁴	2,577	1883	Sterling Ship Co.	Seattle, Wash.
212616	LDRM	St. s.	Coppenname ²	3,191	1908	Coppenname Steamship Corporation.	New York, N. Y.
212970	LDRN	Bar ¹	Snowdon ¹	1,111	1877	Snowdon Shipping Co. (Inc.).	Boston, Mass.
212627	LDRQ	St. s.	Platuria ²	3,445	1892	Standard Oil Co.	New York, N. Y.
212628	LDRS	St. s.	C. A. Canfield ²	6,350	1913	Petroleum Transport Co.	Los Angeles, Cal.
212632	LDRT	St. s.	Parismina	4,937	1908	Parismina Steamship Corporation.	New York, N. Y.
212633	LDRV	St. s.	Almirante ²	5,010	1909	Almirante Steamship Corporation.	Do.
212634	LDRW	St. s.	Atenas ²	4,961	1909	Atenas Steamship Corporation.	Do.
212635	LDSB	St. s.	San Jose ¹	3,296	1904	San Jose Steamship Corporation.	Do.
212641	LDSF	St. s.	Motano ²	2,730	1890	Standard Oil Co.	Do.
212642	LDSF	St. s.	Caloria ²	4,095	1906	do.	Do.
212647	LDSG	Sch.	Louise M. Richard ¹	441	1906	Ernest H. Richard.	Gulfport, Miss.
212649	LDSH	St. s.	Marowijne ²	3,191	1908	Marowijne Steamship Corporation.	New York, N. Y.
212650	LDSJ	St. s.	Saramacca ²	3,283	1908	Saramacca Steamship Corporation.	Do.
212648	LDSK	St. s.	Norman Bridge ²	4,288	1913	Petroleum Transport Co.	Los Angeles, Cal.
212651	LDSM	St. s.	Santa Marta ²	5,013	1909	Santa Marta Steamship Corporation.	New York, N. Y.
212652	LDSN	St. s.	Carillo ²	5,012	1911	Carillo Steamship Corporation.	Do.
212653	LDSP	St. s.	Pastores ²	7,781	1912	Pastores Steamship Corporation.	Do.

¹ Freight vessel.

² Passenger vessel.

³ Tanker.

⁴ Provisional register through American consul.

⁵ Freight vessel. Foxton Hall burned at Watling Island, Bahamas, Sept. 23, 1914.

⁶ Freight vessel. Formerly barkentine Everett G. Griggs.

⁷ Vessel foundered Aug. 14-15, 1915, off coast of Yucatan.

SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE. 751

Foreign-built vessels admitted to American registry under the act of Aug. 18, 1914—Contd.

Official No.	Signal letters.	Rig.	Name of vessel.	Gross tons.	When built.	Present owner.	Home port.
212654	LDSQ....	St. s.....	Calamares ¹	7,782	1913	Calamares Steamship Corporation.	New York, N. Y.
212655	LDSR....	St. s.....	Tenadores.....	7,782	1913	Tenadores Steamship Corporation.	Do.
212656	LDST....	Ship....	Brynhilda ²	1,502	1885	Harby Steamship Co. (Inc.).	Do.
212657	LDSV....	Ship....	Pass of Balmah ²	1,571	1888	do.....	Do.
212658	LDSW....	Ship....	Rhine ²	1,690	1896	Rhine Shipping Co. (Inc.).	Boston, Mass.
212671	LDTB....	St. s.....	Orleanian ¹	2,293	1880	R. Lawrence Smith (Inc.).	New York, N. Y.
212672	LDTC....	Sch. b....	Vera Cruz ²	1,934	1884	The Texas Co.....	Port Arthur, Tex.
212673	LDTF....	Sch. b....	Tampico ²	1,994	1900	do.....	Do.
212675	LDTG....	St. s.....	Wico ²	2,748	1888	Standard Oil Co.....	New York, N. Y.
212798	LD TJ....	St. s.....	Dochra ²	4,309	1906	La Plata Steamship Co. (Inc.).	Do.
212682	LDTK....	St. s.....	Llama ²	3,189	1890	Standard Oil Co.....	Do.
212683	LDTM....	St. s.....	Edward L. Doheny ³	6,170	1913	Petroleum Transport Co.	Los Angeles, Cal.
212688	LDTN....	St. s.....	Sacramento.....	5,692	1900	Northern & Southern Steamship Co.	San Francisco, Cal.
212694	LDTP....	Sch. b....	Tuxpam ²	869	1881	Cuba Distilling Co.....	New York, N. Y.
212695	LDTQ....	Sch. b....	Panuco ²	646	1868	do.....	Do.
212697	LDTR....	St. s.....	Herbert G. Wyllie ³	4,292	1912	Petroleum Transport Co.	Los Angeles, Cal.
212698	LDTS....	Bkn.....	Skoda ²	744	1893	Charles S. Rodden.....	Mobile, Ala.
212701	LDTV....	Bkn.....	Pilgrim ²	1,629	1893	Pilgrim Shipping Co.	Boston, Mass.
212702	LDTW....	Ship....	Timandra ²	1,579	1885	Timandra Shipping Co.	Do.
212712	LDVB....	St. s.....	Santa Clara ²	2,584	1896	American & Cuban Steamship Line (Inc.).	New York, N. Y.
212821	LDVC....	St. s.....	Javary ²	1,249	1898	L. C. Gillespie & Sons.	Do.
212716	LDVF....	St. s.....	Charles E. Harwood ³	3,178	1913	Petroleum Transport Co.	Los Angeles, Cal.
212725	LDVJ....	Bark....	Anna Maria D'Abundo ²	954	1903	McIntyre Lumber & Export Co.	Mobile, Ala.
212726	LDVK....	St. s.....	Greenbrier ²	3,331	1893	Coast Steamship Co.	Wilmington, Del.
212728	LDVM....	Sch.....	W. H. Baxter ²	399	1893	J. C. Peterson.....	Gulfport, Miss.
212738	LDVP....	Bkn.....	Stranger ²	640	1893	Edward L. Whitney...	Mobile, Ala.
212744	LDPC....	St. s.....	Robert Dollar ²	5,356	1911	Dollar Steamship Line	San Francisco, Cal.
212917	LDVQ....	St. s.....	Westwego ²	5,275	1914	Union Petroleum Steamship Co.	Philadelphia, Pa.
212762	LDVS....	Bkn.....	St. Paul ²	471	1890	George J. Santa Cruz...	Mobile, Ala.
212766	LDVT....	St. s.....	Cushing ²	6,894	1903	Standard Oil Co.....	New York, N. Y.
212859	LDWH....	St. s.....	Colusa ¹	5,732	1913	W. R. Grace & Co.....	San Francisco, Cal.
212782	LDWJ....	St. s.....	Oregon ²	727	1890	Andrew Olsen.....	New York, N. Y.
212782	LDWK....	St. s.....	Cacique ²	6,202	1910	W. R. Grace & Co.....	Do.
212787	LDWM....	Ship....	Vincent ²	1,904	1894	Harby Steamship Co. (Inc.).	Do.
212790	LDWP....	St. s.....	Mundale ²	3,285	1906	Munson Steamship Line.	Do.
213023	LDWQ....	Ship....	Dunsyre ²	2,149	1891	Eschen & Minor Co....	San Francisco.
212880	LDWS....	St. s.....	Baton Rouge ³	4,973	1913	Standard Oil Co.....	New York.
212841	LDWT....	St. s.....	Bayway ³	5,083	1913	do.....	Do.
212840	LDWV....	Sch.....	Delta ²	317	1892	A. F. Dantzler.....	Gulfport, Miss.
212929	LFBG....	St. s.....	Petrolite ³	3,710	1894	Standard Oil Co.....	New York.
212948	LFRD....	St. s.....	Corning ³	5,073	1913	do.....	Do.
212822	LFBG....	Ship....	Pottaloch ²	2,253	1893	Eschen & Minor Co....	San Francisco.
212825	LFBK....	St. s.....	Gargoyle ³	4,433	1902	Vacuum Oil Co.....	New York.
212828	LFBM....	Bark....	Edna M. Smith ²	816	1903	Alfred L. Staples.....	Mobile, Ala.

¹ Passenger vessel.

² Freight vessel.

³ Formerly sch. b. Glenlui.

⁴ Formerly sch. b. France Marie.

⁵ Tanker.

⁶ Stranded Oct. 29, 1915, Westray Firth, Scotland.

⁷ Vessel abandoned at sea, Dec. 15, 1914, lat. 68° N., long. 37° W.

⁸ Vessel sunk by striking mine, North Sea, Apr. 2, 1915.

⁹ Vessel stranded, Habana Harbor, Cuba, Jan. 22, 1915.

¹⁰ Formerly st. s. Steaua Romana.

¹¹ Vessel sailed from Barbados June 26, 1915, for Buenos Aires and has not since reported.

¹² Vessel sunk by striking mine, Cape Orloff, Russia, Sept. 27, 1915.

¹³ Stranded, Jan. 2, 1916, Prince William Island, Wales.

¹⁴ Vessel foundered 70 miles northeast of Hatteras, N. C., Apr. 3, 1915.

¹⁵ Transferred to Cuban flag.

752 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Foreign-built vessels admitted to American registry under the act of Aug. 18, 1914—Contd.

Official No.	Signal letters.	Rig.	Name of vessel.	Gross tons.	When built.	Present owner.	Home port.
212833	LFBP	St. s.	Princeton ¹	5,081	1912	Standard Oil Co.	New York.
212835	LFBQ	St. s.	Somerset ¹	5,079	1913	do.	Do.
212839	LFBR	St. s.	Maracas ²	2,925	1887	New York Trans-Atlantic Steamship Co.	Do.
212840	LFBS	St. s.	Georgiana ³	4,596	1909	Walker & Armstrong	Savannah, Ga.
212945	LFBT	St. s.	Caddo ¹	6,329	1912	Standard Oil Co.	New York.
212922	LFBV	St. s.	Satsuma ³	4,204	1901	New York & Oriental Steamship Co. (Inc.)	Do.
212871	LFGB	Bkn.	Lovisa ^{3 4}	939	1891	George Taber Hay	Do.
212872	LFCD	St. s.	De Soto ¹	6,268	1902	Standard Oil Co.	Do.
212873	LFCE	St. s.	Neptune ^{3 5}	1,352	1883	L. A. Alessi	Do.
212888	LFCH	St. s.	Bayamo ³	3,296	1898	New York & Cuba Mail Steamship Co.	Do.
212890	LFCK	St. s.	Dacia ^{2 6}	3,544	1900	Edward N. Breitung	Marquette, Mich.
212892	LFCK	St. s.	Chincha ²	6,395	1912	W. R. Grace & Co.	New York.
212893	LFCK	St. s.	Southerner ²	4,170	1906	Walker, Armstrong & Co.	Savannah, Ga.
212897	LFCK	St. s.	M. S. Dollar ^{2 a}	4,216	1890	Dollar Steamship Line	San Francisco.
212899	LFCK	St. s.	Colon ^{2 a}	1,530	1892	American-Mexican Steamship & Trading Co.	San Diego, Cal.
213095	LFCV	St. s.	Dayton ¹	5,335	1907	Standard Oil Co.	New York.
213126	LFCV	St. s.	Bradford ¹	6,303	1908	do.	Do.
212900	LFCV	St. s.	Santiago ²	3,490	1906	New York & Cuba Mail Steamship Co.	Do.
212911	LFCW	St. s.	Coalinga ¹	7,318	1902	Union Steamship Co.	San Francisco.
212912	LFDB	St. s.	Moreni ¹	4,045	1913	Standard Oil Co.	New York.
212913	LFDC	St. s.	Pioneer ¹	5,075	1913	do.	Do.
212914	LFDE	St. s.	California ²	7,574	1896	John A. Hooper	San Francisco.
212916	LFDE	St. s.	Polarine ¹	4,046	1914	Standard Oil Co.	New York.
212919	LFDE	St. s.	Camaguey ²	3,671	1903	New York & Cuba Mail Steamship Co.	Do.
212924	LFDM	St. s.	Munwood ²	3,190	1914	Munson Steamship Line.	Do.
212935	LFDS	St. s.	Suruga ²	4,374	1907	Barber & Co. (Inc.)	Do.
212936	LFDT	St. s.	Antilla ²	3,652	1904	New York & Cuba Mail Steamship Co.	Do.
212944	LFDW	St. s.	Balboa ²	615	1901	American-Mexican Steamship & Trading Co.	San Diego, Cal.
212946	LFGB	St. s.	Guantanamo ²	3,292	1910	New York & Cuba Mail Steamship Co.	New York.
212949	LFGB	Bark.	Belmont ²	1,528	1891	Hall Shipping Co.	Boston.
212951	LFGB	St. s.	Evangeline ²	4,360	1912	Evangeline Co. (Inc.)	Do.
213252	LFGB	St. s.	Benito Juarez ²	593	1896	American-Mexican Steamship & Trading Co.	San Diego, Cal.
(⁷)	LFGB	St. s.	Sonora	449	1905	do.	Do.
212964	LFGB	St. s.	Ardmore ¹	7,129	1913	Standard Oil Co.	New York.
212971	LFGB	St. y	Owera ²	426	1907	Peter G. Gerry	Providence, R. I.
212982	LFGR	Sch.	Gypsum Empress ³	779	1892	Cowles Ship Supply Co.	Mobile, Ala.
212984	LFGS	St. s.	Muskogee ¹	7,224	1913	Standard Oil Co.	New York.
212985	LFGT	Sch.	Hieronymus ²	461	1904	Bessie A. Somerville	Pensacola, Fla.
213770	LFGV	Ship	Golden Gate ²	2,340	1888	James Rolph, Jr.	San Francisco.
213022	LFHD	St. s.	Mexicano ¹	2,265	1893	Pierce Oil Corporation	New York.
213094	LFHT	St. s.	Housatonic ²	3,143	1890	Housatonic Steamship Co. (Inc.)	Do.
213125	KWTM	St. y	Agawa ^{2 6}	602	1907	Charles W. Harkness	Do.
213090	LFHR	Bark.	Ruth Stark ²	1,057	1873	Peter H. Crowell	Boston.
213277	LFJD	St. y	Surf ³	397	1898	John H. Hanan	New York.
213282	LFJG	St. s.	Atlantic Sun ²	2,333	1893	Sun Co.	Philadelphia.
213157	LFDJ	St. s.	Matinecock ¹	6,766	1914	Standard Oil Co.	New York.
212154	LFJH	St. s.	Standard ¹	10,073	1914	do.	Do.
213170	LFJK	St. s.	Sarnia ²	3,402	1892	Sarnia Steamship Corporation	Do.
213171	LFJM	St. s.	Sibiria ²	3,535	1894	Sibiria Steamship Corporation	Do.
213173	LFJN	Ga. y.	Kitty A ²	22	1909	Nathaniel H. Stone, trustee, 614 Sears Building.	Boston.

¹ Tanker.

² Passenger vessel.

³ Freight vessel.

⁴ Stranded off St. Thomas Island, Dutch West Indies, Feb. 28, 1915.

⁵ Formerly St. s. Evelyn.

⁶ Vessel seized by French Government May 3, 1915; sunk by submarine Nov. 8, 1915.

⁷ Provisional register through American consul.

⁸ Pleasure vessel.

⁹ Formerly American-owned undocumented yacht.

¹⁰ Transferred to British flag.

SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE. 753

Foreign-built vessels admitted to American registry under the act of Aug. 18, 1914—Contd.

Official No.	Signal letters.	Rig.	Name of vessel.	Gross tons.	When built.	Present owner.	Home port.
213270	LFJW...	Bkn.....	Hildegard ¹	622	1876	George J. Santa Cruz...	Mobile.
213305	LFKH...	Bkn.....	Alta ¹	1,381	1900	Barkentine Alta Co....	San Francisco.
213369	LFKR...	Ga. s....	Glenpool ²	5,459	1913	Standard Oil Co.....	New York.
213407	LFKS...	St. s....	Communipaw ² ...	3,710	1913	do.....	Do.
213443	LFMB...	Bark....	Paolina ¹	1,337	1900	Edward L. Whitney...	Mobile.
213528	LFMV...	St. s....	Winnebago ¹	4,362	1900	Winnebago Steamship Corporation.	New York.
(²)	LFNB...	St. s....	Solveig ¹	4,409	1901	American Trans-Atlantic Co.	Do.
213628	LFNC...	St. s....	Kankanee ¹	3,718	1899	do.....	Do.
213696	LFND...	St. s....	Allagash ¹	3,826	1905	do.....	Do.
213621	LFMG...	St. s....	Manitowoc ¹	4,471	1902	Manitowoc Steamship Corporation.	Do.
213201	LFJQ...	St. s....	San Mateo ¹	3,300	1915	San Mateo Steamship Corporation.	Do.
213659	LFNJ...	St. s....	Genesee ¹	2,892	1900	American Trans-Atlantic Co.	Do.
213660	LFNK...	St. s....	Maumee.....	2,556	1897	Maumee Steamship Corporation.	Do.
213661	LFNM...	St. s....	Winneconne ¹ ...	1,869	1907	Winneconne Steamship Corporation.	Do.
213697	LFNR...	St. s....	Ausable ¹	3,153	1901	American Trans-Atlantic Co.	Do.
213604	LFNT...	Sch. b....	Prins Valdemar ¹	1,338	1892	G. W. McNear (Inc.)..	San Francisco.
213590	KWTB...	St. y....	Casiana ²	1,227	1908	Edward L. Doheny...	Los Angeles, Cal.
213610	.....	Ga. y....	Yendys ⁴	7	1908	Irving J. Bissel.....	Grand Haven, Mich.
213636	LFPG...	St. s....	Muskegon ¹	3,321	1897	American Transatlantic Co.	New York.
213646	LFPJ...	Sch.....	Albania ¹	257	1905	Wm. Willard Howard.	Do.
(²)	LFPK...	St. s....	Yucatan ¹	751	1896	J. W. Jolly.....	Philadelphia.
213706	LFPQ...	St. s....	Hocking ¹	2,553	1895	American Transatlantic Co.	New York.
213743	LFQJ...	St. s....	Edna ¹	1,783	1903	Sudden & Christenson.	San Francisco.
213762	LFQR...	St. s....	Amazonia ¹	2,199	1891	Lawrence Smith (Inc.)	New York.
(²)	LFQT...	St. s....	Republie ¹	3,932	1907	John A. Hooper.....	San Francisco.
(²)	LFQV...	St. s....	Constitucion ² ...	3,358	1899	Caribbean & Southern Steamship Co. (Inc.).	Do.
213893	LFRL...	St. s....	Healdton.....	4,489	1908	Standard Oil Co.....	New York, N. Y.
213890	LFSJ...	St. y....	Remlik ⁴	405	1903	Willis Sharpe Kilmer..	Do.
213896	LFSK...	Ship....	Katherine ¹	2,202	1887	Pacific Freighters Co..	San Francisco.
(²)	LFSM...	Bark....	Phyllis ¹	2,217	1886	do.....	Do.
(²)	LFSN...	St. s....	Venezuela.....	5,641	1915	Pacific Mail Steamship Co.	New York, N. Y.
(²)	LFSR...	St. s....	Colombia.....	5,644	1915	do.....	Do.
(²)	LFSQ...	St. s....	Ecuador.....	5,688	1915	do.....	Do.
							Vessels.
							Gross tons.
Total fiscal year ended June 30, 1915.....							148
Total July 1, 1915, to Mar. 21, 1916.....							30
Grand total, Mar. 21, 1916.....							178
							609,996

- ¹ Freight vessel.
- ² Tanker.
- ³ Provisional register through American consul.
- ⁴ Pleasure vessel.
- ⁵ Formerly American-owned undocumented yacht.

754 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE

American vessels sold alien during the period Sept. 1, 1914, to Feb. 1, 1916.

SEPT. 1, 1914, TO JUNE 30, 1915.

Name of vessel.	Gross tons.	Transferred to—	Name of vessel.	Gross tons.	Transferred to—
SAILING VESSELS.			STEAM VESSELS—continued.		
Arthur D. Story.....	103	British flag.	Mariska.....	2,325	British flag.
Cecilia Sudden.....	643	Do.	William Henry Mack.....	3,781	Do.
Gossip.....	122	Do.	Crescent.....	229	Mexican flag.
Hunter.....	197	Do.	Forward.....	255	Do.
Independence II.....	145	Do.	Total (7).....	9,288	
J. B. Newland.....	157	Do.	UNRIGGED VESSELS.		
John D. Bradley.....	112	Do.	Dredger.....	159	British flag.
Olga.....	113	Do.	Standard.....	114	Do.
Quickstep.....	104	Do.	No. 2.....	205	Cuban flag.
Willie L. Swift.....	100	Dominican flag.	Chicken.....	142	Mexican flag.
Rosefield.....	685	Spanish flag.	M. B. Co. No. 14.....	299	Do.
Total (11).....	2,481		T.....	343	Do.
STEAM VESSELS.			U.....	343	Do.
E. M. Peck.....	1,809	British flag.	V.....	343	Do.
H. N. Jex.....	420	Do.	Total (8).....	1,918	
James H. Shigley.....	459	Do.			

JULY 1, 1915, TO FEB. 1, 1916.

SAILING VESSELS.			STEAM VESSELS—continued.		
Alice.....	100	British flag.	Success.....	308	Cuban flag.
B. L. Pennington.....	1,142	Do.	Morris Adler.....	2,481	Norwegian flag.
City of Sheboygan.....	248	Do.	Oregon.....	727	Do.
Essex.....	116	Do.	Atlanta.....	2,094	Mexican flag.
J. M. Weatherwax.....	384	Do.	Oceana.....	7,796	Spanish flag.
Mary A. Whalen.....	134	Do.	Total (10).....	17,266	
Moravia.....	1,067	Do.	GAS VESSELS.		
Tacoma.....	105	Do.	Pinta.....	100	British flag.
Fifi.....	368	Cuban flag.	Advance.....	281	Honduran flag.
Graziela.....	368	Do.	Total (2).....	381	
Panuca.....	646	Do.	UNRIGGED VESSELS.		
Tuxpam.....	899	Do.	P. S. B. & D. Co. No. 2.....	119	British flag.
Iona Tunnell.....	1,315	Portuguese flag.	Iron Side.....	128	Cuban flag.
White Wings.....	648	Do.	Uxmal.....	142	Mexican flag.
Total (14).....	7,510		Total (3).....	399	
STEAM VESSELS.					
Case.....	2,278	British flag.			
Delhi.....	966	Do.			
Sparling.....	109	Do.			
Toledo.....	211	Chilean flag.			
South American.....	276	Cuban flag.			

SUMMARY.

	Sept. 1, 1914, to June 30, 1915.		July 1, 1915, to Feb. 1, 1916.		Total.	
	Number.	Gross.	Number.	Gross.	Number.	Gross.
Sailing.....	11	2,481	14	7,510	25	9,991
Steam.....	7	9,288	10	17,266	17	26,554
Gas.....	2		2	381	2	381
Unrigged.....	8	1,918	3	399	11	2,317
Total.....	28	13,687	29	25,556	55	39,243

SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE. 755

In addition to the foregoing the following-named yachts were sold alien:

SEPT. 1, 1914, TO JUNE 30, 1915.

	Gross tons.	Transferred to—
Steam yacht Nourmahal.....	768	Braslian flag.
Steam yacht Zoraya.....	129	British flag.
Total (2).....	897	

JULY 1, 1915, TO FEB. 1, 1916.

Steam yacht Alameda.....	113	Mexican flag.
Steam yacht Columbia.....	682	British flag.
Steam yacht Waturus.....	571	Do.
Total (3).....	1,366	

Also letter from Dr. E. E. Pratt, Chief of the Bureau of Foreign and Domestic Commerce, to the Secretary of Commerce, giving extract from Commercial Attaché Arnold's weekly report regarding shipping conditions on the Pacific coast:

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, February 23, 1916.

The SECRETARY OF COMMERCE:

It is thought that the following extract from Commercial Attaché Arnold's weekly report of January 1, 1916, on the shipping situation in the Pacific will be of interest, as it supplements material on the same subject which has been previously-referred to you:

"I have had a number of interviews during the week with Minister Reinsch in regard to possible American enterprise, especially construction work, which resulted in his sending a number of telegrams to interests in America in regard thereto. The unfortunate situation in connection with possible American development here is the shipping question. I do hope the bureau and the department will use every possible effort to get something done which will put American ships under American flags in the Pacific. It is sad, indeed, to sit here and see our opportunities in this country vanishing like the mist before the morning sun, simply because we have no ships to work these opportunities. Give us American ships on the Pacific and we can increase our China trade by 100 per cent and make for ourselves a position in this market during the war from which it will be impossible to dislodge us after the conclusion thereof. But without ships we can only sit by and sigh and we see these marvelous opportunities sliding by, probably never again to return: at least not in the same inviting way, for after the war is over there will be many hungry mouths yearning for a chance to meet these opportunities, and on that account we will not be in a position to take the advantage of them that we now could. We want ships, ships, ships; but to do us good, the greatest good, we want them now. A year hence may be too late, for by that time others may have crept in ahead of us and taken the gold apple of opportunity from us. It is indeed unfortunate that the American flag should have been withdrawn from the Pacific just at that moment when its presence there could have meant more to us than at any other time in the entire history of our trade with the Orient."

E. E. PRATT.

756 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Also a letter from the Secretary of the Treasury, giving excerpt from a letter from Mr. Daniel Kelleher, chairman of the board of the Seattle National Bank, in reference to shipping lumber on the Pacific coast:

TREASURY DEPARTMENT,
Washington, February 24, 1916.

DEAR JUDGE: I take pleasure in sending you, for your information, the following excerpt from a letter, dated February 18, 1916, which I received to-day from Mr. Daniel Kelleher, chairman of the board of the Seattle National Bank, of Seattle, Wash.:

"Our lumber business, though we are getting a little better price for lumber here, is still in very bad shape, and as I wrote you before, I can't see any chance for material improvement until we get by some means some ships to transport our lumber in. For example, a case came under my observation here in Seattle to-day that is typical of the local situation. One of the owners of a mill, a customer of our bank, is to-day loading a cargo of lumber at his mill for shipment to Australia. The mill owner gets about \$24,000 for his lumber delivered to the dock here; this is at the rate of about \$12 per M for his lumber. The shipowner gets for transporting this lumber about \$48,000, or \$24 per M for the lumber. In ordinary times, the mill owner would get about \$12 per M for his lumber, and the ship owner about \$8 per M. With \$16 per M added for freight, I can see but little chance for improvement in the lumber business out here. This same ship owner who gets \$48,000 for this one cargo, recently bought his ship at a total price of \$15,000."

Faithfully, yours,

W. G. McADOO.

Hon. J. W. ALEXANDER,
House of Representatives.

Also a clipping from the United States Commerce Reports of February 2, 1916, entitled "World built fewer ships last year":

[United States Commerce Reports, Feb. 2, 1916.]

WORLD BUILT FEWER SHIPS LAST YEAR.

The principal features of the world shipbuilding industry all through 1915 were the reduced output in the combatant countries and the increased activity in the countries not directly affected by the war, states the (Glasgow (Scotland) Herald) Herald in a special shipbuilding, engineering, and commercial supplement. These changes are graphically shown by the table below, which gives the international tonnage output for the past two years:

Countries.	1914			1915		
	Vessels.	Tons.	I. H. P.	Vessels.	Tons.	I. H. P.
England.....	817	963,339	639,654	298	384,417	310,574
Scotland.....	454	508,945	540,290	207	233,501	205,288
Ireland.....	23	246,370	186,890	12	31,418	24,732
Total, United Kingdom.....	1,294	1,722,154	1,366,834	517	649,336	540,594
British Dominions.....	271	67,994	24,276	193	32,937	14,072
Foreign countries:						
United States.....	156	270,962	306,465	127	270,124	322,168
Austria.....	28	78,457	58,300			
Belgium.....	16	10,395	(1)			
China.....	68	16,664	12,120	50	8,073	6,000
Denmark.....	39	33,493	19,551	40	51,361	32,042
France.....	98	196,540	203,630	32	41,434	20,950
Germany.....	184	505,719	372,653	46	179,804	188,156
Italy.....	54	41,792	35,455	4	20,230	20,000
Japan.....	164	136,309	125,614	127	92,213	182,089
Netherlands.....	674	279,584	116,618	390	217,592	114,510
Norway.....	67	54,108	39,555	86	61,477	41,925
Russia.....	14	33,976	61,000	13	792	540
Spain.....	9	21,197	33,000	7	14,306	13,750
Sweden.....	29	14,657	13,760	33	25,927	22,330
Total, foreign countries.....	1,600	1,694,023	1,597,721	955	999,337	975,010
Grand total.....	3,165	3,484,171	2,988,831	1,655	1,671,610	1,829,676

† Data not available.

‡ Exclusive of Belgium.

It is a fact of great importance, says the Herald, that although the shipbuilding and engineering figures for the United Kingdom include absolutely no warship work, while in the other countries referred to there is included all warship work reports of which have been received, the purely British production is larger than that of any other country. It need scarcely be added that the position occupied by Germany in this list is probably far too low, as its figures represent very little more than the merchant vessels, reports of the launching of which have been received.

MANY ORDERS ON HAND IN OTHER COUNTRIES.

Evidence of the extent to which Scandinavian shipyards are benefiting by the demand for cargo steamers may be found in the large amount of new work on hand in Denmark, Norway, and Sweden. At Copenhagen Burmeister & Wain have on the stocks 6 vessels, and on hand further a number of orders for delivery in 1917, 1918, 1919, and 1920, and even 1921, while the Copenhagen Shipbuilding Co. has 9 steamers and the Marstal Co. 4 motor vessels.

At Christiania the Akers Co. is building 9 steamers and the Nylands Co. the same number; the Bergen Co. have 16 vessels on order; the Drontheim Co., 7; the Fredrikstad Co., vessels aggregating 48,220 tons; the Larvik Slip Co., 3; the Laxevaags Co., of Bergen, 6; the Moss Co., 5; the Porsgrund Co., 4; the Pusnes Co., of Arendal, 8; and the Stavanger Co., 3.

In Sweden the Eriksbergs Co., of Goteborg, has 7 vessels on order; the Helsingborg Co., 1; the Kockums Co., of Malmo, 1; Lindholmens Co., of Goteborg, 4; the Lodose Wharf Co., 3; the Motala Works, 3 tugs; and the Oscarshamn Works, 6 steamers.

The Sociedad Espanola de Construccion Naval, of Cartagena and Ferrol, which was started a number of years ago by a British syndicate for the purpose of building ships for the Spanish Navy, is now being permitted to undertake private work, and has booked a number of orders for merchant steamers. A beginning is being made at Ferrol, where the firm is constructing a passenger steamer of 14,000 tons displacement for the Cia. Transatlantica of Barcelona.

At Hongkong there is a great pressure of new shipbuilding. The Hongkong & Whampoa Dock Co. has on hand a large number of steamers for British, Dutch, and Norwegian owners, while the Taikoo Dockyard Co. is building six vessels, three of them for Liverpool owners and three for China. The Taikoo yard can now undertake the construction of vessels up to 10,000 tons measurement.

The majority of the Japanese shipyards are full of work, and they will be kept busy well into 1917. The work in hand, however, does not show anything of very great size—nothing over 9,500 tons. The number which is to be built rather than size is what is most impressive. New passenger ships are conspicuous by their absence, and the country is setting itself to the building of cargo ships. The types of these vary considerably. Among them the Isherwood system has a prominent place. The Osaka Iron Works has in hand six 8,000-ton steamers and sixteen 3,200-ton steamers, all of this type. Two of the steamers which are to be built at Nagasaki are to have geared turbines.

Also text of the shipping bill recently presented in the French Chamber of Deputies:

[Translation.]

No. 1659. Chamber of Deputies. Eleventh Legislature, session of 1916. Written report of the meeting of January 13, 1916.

Proposed law determining the conditions under which advances may be made to French shipowners to buy ships mechanically propelled, coming from allied or neutral countries.

(Referred to the merchant marine commission.)

Presented in the name of M. Raymond Poincaré, President of the French Republic, by Rear Admiral Lacaze, minister of the navy, and by M. A. Ribot, minister of finances.

STATEMENT OF REASONS.

GENTLEMEN: The increase of our commercial fleet is a measure which should not be deferred.

While the war lasts, we have an opportunity to benefit French commerce by recovering, in part, the heavy tribute which we are now paying to foreign shipowners in the form of marine freights.

After the war our maritime commerce will need a number of ships sufficient to insure a continuation of the services heretofore maintained by our companies and

to make possible the organization of new lines. It is on this condition only that the economic life of France will be able to recover and to create large resources necessary for the work of national rehabilitation.

Our ports will be visited by a larger number of ships from now on, and the free play of economic laws will tend to lower the freights. Furthermore, the proportion of French tonnage in our foreign trade will be larger, and action by the Government, if demanded by circumstances, would be of greater effect in the domain of transportation.

The vicissitudes of war have reduced the effective strength of our merchant fleet. The strenuous service to which our ships have been subjected since August, 1914, the resulting wear and tear, the impossibility of reopening our shipyards before the termination of hostilities, all this compels, us if we would be ready in time, to obtain without delay a number of ships from other countries to replace those lost and to supplement those in active service.

In its earnest desire to improve the conditions under which the country procures its food supply, to stop the waste of the national wealth, and to secure the future of our merchant marine, the Government has examined various solutions proposed. It is of the opinion that the end sought can only be achieved by encouraging private initiative and giving aid to shipowners in order to induce them to buy ships in allied or neutral countries.

The granting, under proper guaranties, of loans repayable in annual instalments, and the determination of a fixed sum to be paid as indemnity in case a ship so acquired should be requisitioned by the Government, are the measures which will best meet the present needs of the shipowners. There seems to be no doubt of the general utility of these measures, as the shipowners will be under the double obligation of keeping the ships so acquired as part of our merchant fleet for five years at least, and of employing them in the French import trade until the crisis now prevailing in maritime transportation shall have moderated.

For the foregoing reasons, and because of the principles adopted by the Parliament to favor the buying of British prizes (law of Apr. 19, 1915), the Government has been led to submit the proposed law, the substance of which follows:

PROPOSED LAW.

The President of the French Republic decrees:

The proposed law, the text of which follows, will be presented to the Chamber of Deputies by the minister of the navy and by the minister of finances, who are charged with revealing the principles and sustaining the discussion:

ARTICLE 1.

Until the expiration of twelve months after the conclusion of peace the Government may invest a sum not exceeding 100 million francs in loans to French shipowners, to cover a part of the sums necessary for the purchase of ships with mechanical propulsion, said shipowners to be approved of by the minister of the navy, on the advice of the minister of finances. Ships to be allied or neutral.

The advances thus made shall be productive of interest at the rates charged by the Bank of France on loans on securities.

The minister of finances is authorized to open, among the special services of the treasury, an account entitled "Advances to shipowners to buy ships."

This account will be debited in the sum total of advances made in conformity with the present law and credited with the repayments made by the shipowners.

ARTICLE 2.

The maximum amount of advances made according to the first article is determined in the following fashion:

Navigation companies possessing a fleet of 20,000 tons or more may receive 70 per cent of the purchase price.

Navigation companies possessing a fleet of less than 20,000 tons, or for new enterprises, 80 per cent of the purchase price.

ARTICLE 3.

The advances thus made shall be repayed by the shipowners according to the following conditions:

1. In three equal annual installments in the case of navigation companies possessing a fleet of 20,000 or more tons.

2. In four annual equal installments in the case of navigation companies possessing a fleet of less than 20,000 tons, or of new companies.
 3. In eight annual equal installments for fishing enterprises.
- The interest falling due will be added to the sum total of each of the above annuities. The first annuity in each case will be payable at the expiration of a year following the date of the delivery of the ship to the shipowner.

ARTICLE 4.

Government experts shall inspect the ships, which must be seaworthy and in good condition at the time of their delivery to the shipowners, and guaranteed against the consequence of any preference or mortgage.

ARTICLE 5.

The shipowner who wishes to be admitted as a beneficiary under the provisions of the preceding articles, should address a request to the minister of the navy.

This request shall be accompanied:

1. By a deed of surety which will be applied to the sums advanced and not guaranteed by a mortgage. The security given must be satisfactory to the minister of finance.
2. By an agreement made by the shipowner to give to the Government of France a mortgage (first), on the ship from the time it shall come under French registry, as surety a sum equal to half the price of purchase and to insure, with delegation of benefit to the Government, the ship against all risks, inclusive of risk of war, even to complete repayment of the sum advanced.

Navigation societies which have established an insurance fund for their own ships may be excused by a special decision from contracting insurance as above noted.

The surety, whether for the total advances having a mortgage concession on the ship acquired, or for the portion of the advances not guaranteed by this mortgage, may be replaced by a mortgage (first) on the other ships of the shipowner.

Once agreed upon, he will abide by the demands in the order of their reception. All transfer of order will be null and void.

ARTICLE 6.

The shipowner must agree to pay a sum equal to the sum total of the purchase price if, in the course of the present war and during a period of five years, to date from the signing of the treaty of peace, he transfers directly to a stranger, to a strange society, or to a French society, whose organization does not conform to article 1, section 3, of the law of April 7, 1902, either the property itself, or the use of the purchased ship, or if he mortgages it for the profit of the same persons or societies.

He is under the additional obligation, until the expiration of six months after the conclusion of peace, to carry imports intended for French ports only, though one-fourth of the cargo may be carried to allied or neutral countries, or to pay to the treasury a sum equal to double the sum total of freights collected for cargoes unloaded outside of French ports over and above the proportion fixed above.

The same obligation must be undertaken by the fishing-boat owners and the owners of tow boats, who will be obliged, the first to bring into French ports three-quarters of their catch and the second to make at least three-quarters of their voyages coming from or proceeding to the same ports.

These agreements will be guaranteed by security satisfactory to the minister of finance.

ARTICLE 7.

In the event of requisition of one of the ships acquired during the continuance of the present law the indemnity shall be determined in accordance with the prevailing charter rates, reduced by 15 per cent.

ARTICLE 8.

A decree decided upon by the ministers of the marine and of finance shall determine the conditions under which the present law shall apply, notably those relative to the age of the ships which are the object of it.

Signed at Paris, January 13, 1916, by

R. POINCARÉ.

For the President of the Republic:

AMIRAL LACAZE,
Minister of the Marine.

A. RIBOT,
Minister of Finances.

Also letter from Dr. E. E. Pratt, Chief of Bureau of Foreign and Domestic Commerce, quoting statement in the *Agence Economique & Financière* of February 5, 1916, relative to the freight situation in Italy:

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, February 26, 1916.

Hon. JOSHUA W. ALEXANDER,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: The *Agence Economique & Financière*, in the supplement to its issue of February 5, 1916, a copy of which was forwarded to the bureau by Commercial Attache Veditz, at Paris, contains the following statement transmitted by its correspondents in Rome and Milan relative to the freight situation in Italy:

"Ocean freight rates have increased greatly; also demands upon the Government to proceed to requisition ships and to create a special department for the merchant marine. The State now has the railroads, why should it not temporarily become a ship operator?"

"The increase in the cost of coal and grain being determined almost entirely by the supply of ships, the press is bringing pressure to bear upon the Government to have England put at the entire disposal of Italy the largest possible number of ships. The Chamber of Commerce of Milan, discussing this all-important question in a special meeting, has expressed the wish that negotiations be entered into quickly with the French Government with a view to applying the urgent remedies which the situation demands.

"The noted economist, Senator Maggiorino Ferraris, director of the *Nuova Antologia*, has sent a letter to the press in which he urges an immediate agreement between Italy, France, and England for the establishment, in a common spirit of liberality and by joint regulations, of freight rates upon the basis of service rendered. He also urged the intensive utilization of the maritime resources of the three countries under the control of a single international commission and the reservation of ships for the most urgent needs and for the transportation of the commodities most necessary for the use of the armies and the people of the allied nations."

I believe that the above item may be of some interest to you in connection with the proposed shipping board.

With kind regards, I am,
Very truly, yours,

E. E. PRATT, *Chief of Bureau.*

Also clipping from United States Commerce Reports of date February 26, 1916, entitled "Coal freights from Cardiff."

[Commerce Reports, Feb. 26, 1916]

COAL FREIGHTS FROM CARDIFF.

[Consul Lorin A. Lathrop, Cardiff, Wales.]

The following table shows the coal freights per ton of 2,240 pounds from Cardiff, Wales, in the first week of February, 1916, and comparisons with those in December, 1915, and with prewar rates:

Port.	February, 1916.	December, 1915.	Average, 1914.	Port.	February, 1916.	December, 1915.	Average, 1914.
Alexandria.....	\$20.06	\$17.61	\$2.49	Lisbon.....	\$8.02	\$7.90	\$1.51
Barcelona.....	13.37	9.97	2.21	Marseille.....	16.00	14.06	2.10
Bordeaux.....	8.49	8.78	1.36	Montevideo.....	10.94	9.00	3.29
Buenos Aires.....	11.18	10.91	3.43	Naples.....	14.59	16.05	2.20
Genoa.....	14.59	16.05	2.15	Rio de Janeiro.....	10.33	10.45	2.40

The prices for coal f. o. b. Cardiff per ton of 2,240 pounds on February 5, 1916, were as follows: Admiralty seconds, \$8.50; best dries, \$8.50; black veins, \$8.50; best house (at pit mouth), \$5.83; best small steams, \$4.74; briquets, \$7.78; and coke (special foundry), \$11.55.

Also a letter from Hon. Frank L. Polk, Counselor Department of State, to the Secretary of Commerce, stating the President of Salvador desires steamship lines to be established between the ports of the United States and ports of Salvador.

DEPARTMENT OF STATE,
Washington, January 17, 1916.

THE SECRETARY OF COMMERCE.

SIR: I have the honor to inform you that this department has recently been informed by Henry F. Tennant, Esq., chargé d'affaires of the American Legation at San Salvador, that the President of Salvador has advised him that the Government of that country desires one or more American steamship lines to be established between the ports of the United States and the ports of Salvador.

The President of Salvador expresses the desire that American steamship lines be established to do a commercial transport business between the Atlantic and Pacific ports of the United States and the ports of Salvador averaging at least one ship per month which would touch directly at Acajutla from New York to San Francisco, and vice versa.

I have the honor to communicate the suggestion of the President of Salvador for such recommendations or action as the Department of Commerce may deem appropriate and to request that this department be advised from time to time of the results of any action that the Department of Commerce may take in the matter in order that information as to developments may be communicated in turn to the American Legation in Salvador and to the President of that Republic.

I have the honor to be, sir, your obedient servant,
For the Secretary of State:

FRANK L. POLK, *Counselor*.

Also a letter from the Secretary of Commerce, inclosing a letter from the Commissioner of Fisheries, showing that large bone deposits on the Pribilof Islands can not be utilized because of lack of shipping facilities:

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, February 19, 1916.

MY DEAR MR. CHAIRMAN: Your attention is invited to a copy of an identical report presented to the Chief of the Bureau of Soils of the Department of Agriculture to the Secretary of Agriculture and by the Commissioner of Fisheries to me concerning the large bone deposits which have been found to be available on the Pribilof Islands. They represent the accumulations of a century or more and constitute probably the largest known bone deposits in the world. They have not been fully surveyed, but one of the deposits (and there are many) lies at the water front and is a mile long by half a mile broad. Its thickness is not fully determined, but an average depth of 2 feet is perhaps a reasonable estimate, and in places where it has been exposed by the sea or by workings it is known to be 6 feet deep.

The value of these deposits is large, certainly it runs into the millions, possibly into many millions of dollars. The physical conditions have preserved the fertilizing properties of the bones in a remarkable way, as the analysis shows. Our agriculture greatly needs this material and the demand is such that the wholesale price for raw ground bone was \$35 a ton in December. Grinding is cheap, costing, say 75 cents a ton. An abundant supply of labor is available on the spot.

The problem of utilizing this immense deposit is one of transportation. It immediately concerns the farmers of our land to have it brought into use as promptly and as cheaply as possible. Here are many cargoes available, calling for transportation, of a material the country needs. Here is a Government asset of undetermined but great value. Here is the fertilizer of which our fields are in need. Where are the ships to bring it to market? The deposits are Government property to be developed for the account of the Public Treasury, and ordinary business sense dictates that the development should be as prompt as possible.

The matter has come definitely to my knowledge within a few days and is now presented to you for the consideration of your committee in connection with the pending bill to establish a United States shipping board, in the thought that your wisdom may provide a means of dealing in an appropriate manner with this valuable asset.

Yours, very truly,

WILLIAM C. REDFIELD, *Secretary*

HON. J. W. ALEXANDER,
Chairman Committee on Merchant Marine and Fisheries.

FEBRUARY 18, 1916.

THE SECRETARY OF COMMERCE:

With reference to the possibility of using the deposits of bones on the Pribilof Islands for fertilizer purposes in the United States or abroad the following statement is submitted:

Bone has long been recognized as one of the most important sources of fertilizer material. Containing as it does both nitrogen and phosphoric acid for many types of soil it is a highly valuable soil amendment. No treatment save grinding is necessary to render its fertilizer ingredients available, and in the shape of ground bone its use antedates that of phosphate rock as a source of phosphoric acid. The bison bones which at one time were strewn over our western plains have all been gathered and turned into fertilizer, and the battle fields of Europe have been searched with the same object. The supply of bones in recent years has been limited. Most of that now available is turned out as a by-product of the meat-packing establishments, and we annually import about \$1,000,000 worth from abroad. These imports come mainly from Argentina, Canada, Mexico, and Uruguay, with a small amount from Belgium. It is thus apparent that the material is valuable enough to bear the cost of shipment for long distances.

Very extensive accumulations of fur-seal and sea-lion bones exist on both St. Paul and St. George Islands. Some of these represent the killings since Alaska came into the possession of the United States, while others go back to the days of the Russian jurisdiction, when exceedingly large killings were made. The deposits on more recent killing grounds are well known, but the earlier accumulations are to a considerable extent obscured by soil and vegetation. The deposits are adjacent to the shore, but none of them have ever been examined with reference to their area and depth, and it would be unsafe to make any official estimate of the quantity of bones that might be available. It is known, however, that, at the prevailing prices, the fertilizer value of the bones would run into millions of dollars.

The chemical analysis made by the Bureau of Soils of specimens of bone from the bottom and from the surface of the deposits shows an average of about 4.5 per cent of nitrogen and about 23 per cent of phosphoric acid, equivalent to 5.5 per cent ammonia and 50.3 per cent bone phosphate. The wholesale price for raw ground bone of about this quality was from \$27.25 to \$28 a ton in December, 1913, when normal prices prevailed, and \$35 a ton in December, 1915. The retail price in March, 1914, when practically normal prices prevailed, was about \$38 a ton, and the price in December, 1915, about \$41. These figures include the cost of grinding the bone, which, in the United States, would be about 75 cents a ton. Whether or not it would be advisable, in order to furnish work for the natives, to do the grinding on the islands is a matter which may be left for future determination. If a power grinding mill were installed, the necessary fuel would have to be transported to the islands, as no natural source of fuel exists. The bags used in bringing coal to the islands are probably too coarsely woven to be used as containers for ground bone, though they might be used for the bones in the raw state.

Ground bone for fertilizer purposes is used more largely in the northeastern section of the country than elsewhere and it is probable that the deposits on the Pribilof Islands would have to be brought within reach of this section to find the most favorable market. No freight rate from the islands to the Pacific coast ports of the United States can be given, since no freight carriers regularly call at the islands. From the Pacific coast to the Atlantic seaboard, via the Panama Canal, freight rates in normal times are about \$6 a ton. The last quoted rate before the recent closing of the canal was, however, between \$11 and \$12 a ton, and the rate will probably be near these figures upon the reopening of the canal. A Navy collier takes coal to Alaskan points and to the islands several times a year and returns empty. It is possible that arrangements might be made by which such a vessel could be used as a means of transporting the deposits to the United States. A Navy collier could probably carry five or six thousand tons of the bone and could land the cargo at Norfolk within easy reach of the best market. It is possible also that one or more of the large fertilizer companies might contract to handle the deposits under such restrictions as the Secretary of Commerce might decide were advisable. If the privilege of utilizing the refuse parts of the seals killed in coming years is awarded to a private firm, on competitive bids, the working of the old deposits might very properly be made a part of the same contract.

The difficulties of the situation are the absence of harbors and the boisterous surf, making necessary the use of lighters or the running of aerial cables from the shore to an off-lying vessel. The loading of the material with lighters would be possible only in summer, as at other seasons there is too much risk to small boats in making landings through the surf. The coal and supplies now brought to the islands are unloaded by

lighters, and the same boats returning empty to the vessel might be employed to carry the bones. The time needed to load the vessel would, therefore, not be much greater than that now employed in unloading, since the two operations could be carried on simultaneously. The native inhabitants of the seal islands can be employed in digging out the deposits and making them ready for shipment, but it is believed that labor from the mainland will be necessary for the full exploitation of the bones after commercial killing is resumed, because the natives will then be fully occupied in caring for the fresh carcasses. The cost of native labor could be fixed at the rate of 1.50 a day.

It is possible that a market nearer the islands might be found in Japan, which country annually imports considerable quantities of fertilizer material. The present use of sulphuric acid has tended to reduce the supply of acid phosphate and to increase the price, and under existing conditions any additional source of phosphates and ammonia is to be welcomed.

H. M. SMITH, *Commissioner*.

Also a resolution adopted by the Jefferson Grange No. 133, Jefferson Township, Moody County, S. Dak., favoring the shipping bill:

JEFFERSON GRANGE, No. 133,
JEFFERSON TOWNSHIP, MOODY COUNTY,
SOUTH DAKOTA, January 1, 1916.

Resolved, That, we, the members of Jefferson Grange, No. 133, in meeting assembled, view with astonishment and indignation the fact, that since the opening of the markets the present season the price of wheat, oats, and barley throughout the United States has scarcely covered the cost of production, while the price of said products throughout the markets of the world have been the highest known during a period of many years. That we believe that said conditions, entailing as they do the wholesale robbery of the farmers of the United States, have been brought about by powerful speculative interests commonly known as market manipulators, through cooperation, combination, and collusion, through which the storage capacity of the country is controlled as well as the operations of all chambers of commerce and boards of trade. That year after year, during the flood tide of marketing, we see the above-described manipulations repeated with ever abnormal enrichment of the grain-gambling interests, and the consequent impoverishment of the agriculturists, the real wealth producers of the country. That during the first 120 days since the opening of markets this year, the speculative grain interests took a toll from the South Dakota farmer in the marketing of oats, based on the Liverpool price, of over 90 per cent of the price the farmers received; and on wheat the toll of the interests averaged above 42 per cent of the price received on the farms within the limits of the State of South Dakota. Therefore be it further

Resolved, That we demand the erection of great storage elevators in all of the primary grain terminals of this country by the Government of the United States, to the end that grain may be therein stored and money obtained upon warehouse receipts.

That in the erection of elevators we see protection alike for producer and consumer, inasmuch as grain stored in such elevators instead of being rushed to market in order to obtain money with which to pay debts, would prevent market flooding and would be available later when the speculative interests get the bulk of the grain in their possession to prevent the boosting of prices beyond a reasonable amount.

Resolved further, That we pledge ourselves to support only such candidates for Congress and for the Senate of the United States as will pledge themselves to support and work for the above-described measures with a law establishing a merchant marine as was favored by the present administration, whereby vast sums may be saved to the farmers of the United States in the shipment of their produce to foreign countries; and be it

Resolved further, That a copy of these resolutions be sent to each Member of Congress and Senator at Washington, and that copies be also transmitted to the President of the United States and the Secretary of Agriculture.

SEAL.]

N. P. PITSENBERGER, *Master*.
ROB McDOWELL, *Secretary*.

Also shipping catechism by Capt. C. A. McAllister, of the Coast Guard, Department of the Treasury:

SHIPPING CATECHISM.

1. Why do we need ships?

Answer. The United States has the largest foreign trade of any nation.

2. What ships have been used heretofore to carry our exports and imports?

Answer. About 88 per cent of our foreign shipping business has been conducted in ships belonging to our foreign rivals.

3. Why can not we continue to use these ships?

Answer. How long could your grocer stay in business if he relied entirely upon his rivals to deliver his goods? Besides that, over 1,600,000 tons of shipping has been destroyed during the existing war. The normal amount of new shipping necessary for the world's trade has not been constructed, as the shipyards of the leading shipbuilding countries (all belligerents) have been largely engaged in building war vessels. Furthermore, submarine warfare is daily adding to the deficit.

4. Who will suffer most from this shortage of carriers?

Answer. The United States of America.

5. How can we prevent it?

Answer. By enacting the pending shipping bill considerable relief will be furnished.

6. How?

Answer. This bill creates a shipping board to supervise shipping in general and to prevent any unfair competition on the part of our foreign rivals. It further provides for a bond issue of \$50,000,000 to create about 400,000 tons of new shipping. In time of war these new ships are to be used as naval auxiliaries, but in times of peace they are to be leased to private corporations who offer the best bid to carry American goods and to extend our foreign shipping.

7. What do you mean by naval auxiliaries?

Answer. They are primarily of a merchant-ship type, and are used in war times to transport troops, ammunition, coal, oil, water, food, and stores to the Army and Navy wherever they are operating. They are as essential as the fighting ships themselves, for without such supplies the ships and soldiers can not operate.

8. If they are used during times of peace for mercantile purposes, is that not Government ownership?

Answer. Yes and no. It is true that the Government will own the ships, but they will be leased to private individuals or corporations to transact the business of the country. A better way to put it is that it will be utilizing an emergency equipment provided for war purposes, in the legitimate business of promoting our foreign trade in times of peace, which will benefit all classes of people. It will turn nonproductive ships into productive ones. Strictly war craft, such as battleships and torpedo boats, are a constant source of expense in both war and peace.

9. It has been said that the Government will operate these ships. Is that true?

Answer. Only in the contingency that private parties will not start steamship lines where the demands of trade call for them. Even then the Government will operate them through a private corporation, of which the Government will control the majority of the stock, as is now being done successfully with the vessels belonging to the Panama Railroad Co.

10. How can a private corporation backed by the Government run such a line where private parties will not?

Answer. Because the Government gets its capital at half the interest for which private parties can get it, and because the Government can and will operate steamers without any profit, as it is not in the business for a profit; only for the benefit of all the people. Private concerns would expect from 8 to 10 per cent profit before entering any new enterprise. After the line has been established and put on a paying basis, the Government would undoubtedly withdraw and lease the ships to private parties.

11. Would not the Government-owned ships be more liable to international complications in war times than would the privately owned ships?

Answer. Not at all, as section 6 of the shipping bill expressly provides that all such ships leased or operated under the direction of the shipping board will have the same privileges and responsibilities as any other American-owned ship, no more, no less. The Government protects its flag, no matter on what vessel it flies, regardless of the owners of the ships.

12. How can one of these ships be successfully operated in competition with foreign ships, as I understand foreigners pay cheaper wages, provide cheaper food, etc.?

Answer. The original cost of the ships is now practically equalized among all nations. The principal costs of operation of any ship are (a) overhead expenses, which include interest on capital, insurance, corporation taxes, etc.; (b) wages of officers and men, and the cost of their food; (c) fuel. The ships to be created by the bill will have the advantage of half the interest charge on capital, and a greatly reduced corporation tax, as it is only 1 per cent in this country, compared to from 6 to 8 per cent on the ships of our leading foreign competitors. The insurance and depreciation charges are the same on similar ships, no matter where owned or operated. At the present time wages on ships of all nations are about at a parity, with possibly a disadvantage of from 5 to 10 per cent on American ships in the Atlantic trade, and perhaps a considerably greater disadvantage in the Pacific. Food on American ships always has been and always will be, in all probability, better than on foreign ships, but the difference in cost is so small as to be negligible. Fuel on most ships costs frequently as much or more than wages, and here is where the new ships will benefit. Such advances have been made in marine engineering of late that a modern ship can be operated at from 30 to 50 per cent less cost for fuel than on ships built 5 to 25 years ago. Our rivals are all burdened with ships averaging from 12 to 15 years old. We have practically none to begin with, so all of the proposed fleet will be modern and economical. It can be easily demonstrated that the saving in fuel on these proposed American ships will more than offset the additional cost for wages and food and any other disadvantages as to cost which they may have. Cheapness of timber created for us a magnificent fleet of vessels in the foreign trade during our early days, and the practical control of the world's oil supply will do it for us now.

13. Where will you get the men to man these ships?

Answer. At first we will have to take the average sailors of the world, as they come, but the bill provides that officers and men who are American citizens and serving on these ships can be enrolled into the United States Naval Reserve, for which they will receive extra pay equivalent to one-twelfth of what they ordinarily earn per year. The reason young Americans have not gone to sea of late, is principally because they had no American ships to go on and sail to foreign ports. This visiting of foreign countries and being paid for it will appeal to many young men, as it has done in the United States Navy, where the percentage of American citizens has been increased from 35 to over 95 per cent in 20 years.

14. Suppose this bill should pass, where will you get the ships, as I understand American shipyards are now congested with work?

Answer. There never has and never will be in this country any lack of facilities for embarking in an enterprise of this kind if the Government will furnish the work. If the private yards see the opportunity to build standard ships, they will enlarge their equipment to meet the new conditions. Undoubtedly such a large order for new construction would evolve a "standard" ship, an object long sought in this country, and one that will greatly reduce the cost of construction.

15. What other important features are there in the bill?

Answer. The shipping board is authorized to give goods carried in American ships preference in railroad rates, to expedite deliveries for foreign shipment and otherwise to encourage our foreign trade. In other words, this is one of the few bills ever seriously considered by Congress wherein Americans are given preference over their foreign rivals in the shipping trade, and it is high time that something like this was done, if we are to continue our national prosperity.

16. What is the cause of the present embargoes by the principal railroads on freight for seaports?

Answer. Entirely due to lack of ships to carry the goods to foreign countries.

17. Is there not a large fleet of vessels now being built in our shipyards?

Answer. Yes; over 900,000 tons of shipping is now under construction. Of that amount, over 60 per cent are tankers and colliers, which will not extend our trade in manufactured goods. Of the remainder the majority are for the coastwise trade, and for foreign owners. Very little tonnage is now under construction for our export trade.

18. Do you think the bill will pass?

Answer. Yes; as the American people as a whole are now fully alive to the importance of having something done for their shipping. They know that if the bill is not passed they will lose the greatest opportunity ever presented to a nation for increasing its wealth and prosperity.

766 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Also extract from letter of Commercial Attaché Baldwin, at London, to the Bureau of Foreign and Domestic Commerce regarding the British shipping board.

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, March 1, 1916.

HON. JOSHUA W. ALEXANDER,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: The bureau is in receipt of a letter from Commercial Attaché Baldwin, at London, under date of February 11, supplementing information already received from him in regard to the British shipping board. The following extract will perhaps be of interest to you:

"The development of the control of shipping has been somewhat haphazard, one phase of the subject after another receiving consideration; and the result has been that those who deal in the chartering of ships have found it very difficult to make sure that all the requirements of these various committees have been complied with. The article in the London Times of January 25, by Leslie Scott, to which reference was made in my cablegram of yesterday, lists the shipping committees to that date as follows:

"1. The admiralty transport department, with its advisory committee of ship-owners, which requisitions ships for naval and military transport purposes.

"2. The requisitioning (carriage of foodstuffs) committee appointed last November by the president of the board of trade, which requisitions ships for carriage of foodstuffs and other merchandise.

"3. The ship licensing committee, which grants or refuses licenses for the carriage of goods between foreign port and foreign port by British steamships registered in the United Kingdom.

"4. The ports and transit executive committee, which deals with problems of the congestion of ports in the United Kingdom.

"5. The railways executive committee (the supply of wagons is of vital importance to the clearing of congestion at the ports).

"6. The war trade department (coal division), which deals with the export of coal.

"7. The commission internationale de ravitaillement, which considers the needs of the allies.

"8. The international joint committee for the purchase of wheat, referred to by the president of the board of trade in the House of Commons on January 19.

"Since that time the committee of which Lord Curzon is chairman, has been established (as far as I can learn) to be a sort of supercommittee and to coordinate their activities. Through my relations with shipping people in London I receive the information that this last committee (as the colloquial phrase expresses it here) is the 'top dog.'

"While the Government has not assumed entire control of British shipping to the extent of managing the operation of ships, the restrictions now imposed practically amount to a Government disposition of shipping operations."

Attention is also invited to the attached page 11,170 of the London Gazette for November 12, 1915, which contains further information concerning the functions of the ship licensing committee, which is No. 3 of the various committees enumerated above.

I trust that this material may be of some assistance to you in connection with your consideration of the proposed shipping board.

Very truly, yours,

E. A. BRAND,
Acting Chief of Bureau.

Also clipping from the London Gazette of November 12, 1915, concerning the functions of the ship licensing committee:

At the court at Buckingham Palace, the 10th day of November, 1915.

Present, the King's Most Excellent Majesty in Council.

Whereas a state of war exists between His Majesty and the German Emperor, the Emperor of Austria, King of Hungary, the Sultan of Turkey, and the King of the Bulgarians;

And whereas His Majesty holds it to be his prerogative duty as well as his prerogative right to take all steps necessary for the defense and protection of the realm;

And whereas it has been made to appear to His Majesty that it is essential to the defense and protection of the realm that, in the exercise of his prerogatives as aforesaid, he should prohibit as from and after the 1st day of December, 1915, the carrying of cargo from any foreign port to any other foreign port by any British steamship registered in the United Kingdom exceeding 500 tons gross tonnage—and whether or not such ship while carrying such cargo calls at any intermediate port within his Majesty's dominions—unless the owner or charterer of such steamship has been granted exemption by license as hereinafter provided:

Now, therefore, His Majesty is pleased, by and with the advice of his privy council, and in exercise of his prerogatives as aforesaid and of all other powers him thereunto enabling, to order, and it is hereby ordered, that from and after the 1st day of December, 1915, no British steamship registered in the United Kingdom exceeding 500 tons gross tonnage shall carry any cargo from any foreign port to any other foreign port—and whether or not such ship while carrying such cargo calls at any intermediate port within His Majesty's dominions—unless the owner or charterer of such steamship has been granted exemption by license as hereinafter provided.

And His Majesty doth hereby declare that the expression "foreign port" herein used shall mean and include any port outside his Majesty's dominions.

And His Majesty, by and with the advice aforesaid, and in exercise of his prerogatives and powers as aforesaid, is further pleased to authorize and direct the president of the board of trade to appoint a committee of persons to carry out and give effect to the provisions hereof, and that the said committee shall have power to grant licenses of exemption therefrom to or in favor of owners and charterers of such steamships as aforesaid, which licenses may be general in reference to classes of ships or their voyages or special.

And His Majesty is further pleased to authorize the president of the board of trade from time to time to add other persons as members of such committee, and to substitute as members thereof other persons for such members as may from time to time die, resign, or be or become incapable of acting thereon.

And the president of the board of trade is to act and to give instructions and directions accordingly.

ALMERIO FITZROY.

Also a memorandum showing the ocean freight rates on tobacco, unmanufactured, as they were prior to outbreak of the war and as they were in March, 1916.

Ocean freight rates on tobacco, unmanufactured.

	July, 1914.	March, 1916.	Increase.
			<i>Per cent.</i>
Baltimore to—			
Liverpool.....	34 cents per 100 pounds.....	Jan. 19, 1916 (latest data obtainable), \$2.50 per 100 pounds.....	636
Rotterdam.....	Maryland leaf, 43½ cents per 100 pounds.	\$1.25 per 100 pounds.....	186
	Virginia and Kentucky leaf, 30 cents per 100 pounds.	\$2 per 100 pounds.....	567
France.....	None.....	None.....	
Italy.....	do.....	do.....	
		<i>February, 1916.</i>	
New Orleans to—			
England.....	43 to 54 cents per 100 pounds.....	\$3.50 per 100 pounds.....	714-548
France.....	43 cents per 100 pounds.....	\$3.50 per 100 pounds.....	714
Italy.....	43 cents per 100 pounds.....	\$2.30 per 100 pounds.....	435
Netherlands.....	48 to 50 cents per 100 pounds.....	\$2.25 to \$3 per 100 pounds.....	350-525
	<i>Before war.</i>	<i>Present time.</i>	
New York to—			
England.....	30 cents per 100 pounds.....	\$1.50 per 100 pounds.....	400
France.....	80 cents per 100 pounds.....	\$3 per 100 pounds.....	275
Italy.....	60.8 cents per 100 pounds.....	do.....	393
Holland.....	27 cents per 100 pounds.....	\$2.25 per 100 pounds.....	733

Also a letter from the Freiberg Lumber Co., of Cincinnati, Ohio, to Mr. W. C. Culkins, executive secretary of the Cincinnati Chamber of Commerce, showing lack of shipping facilities:

THE FREIBERG LUMBER CO.,
Cincinnati, Ohio, February 23, 1916.

W. C. CULKINS,
Executive Secretary, Chamber of Commerce, Cincinnati, Ohio.

DEAR SIR: Pursuant to the conversation the writer had with you this morning, we would greatly appreciate it indeed if you would be kind enough to take up with the authorities in Washington the conditions now prevailing in the steamship business.

We have from four to five million feet of mahogany logs to move from Nicaragua to Gulf ports. We have made innumerable efforts to get a boat, without success, and the chief reason, as we see, of these deplorable conditions is the fact that the boats have been allowed to get into the hands of speculators, whom we find are asking abnormal prices, and we don't think this is fair to those who are in the legitimate business to pay such heavy rates as they propose to charge.

Our purpose of writing this letter to you is to bring this matter before the attention of Washington, if you possibly can, and see if there is any way at all for us to obtain suitable tonnage for bringing up the wood we have to this country and bridging over the difficulties we are up against now, as we have been compelled to shut down our plant owing to the fact that we are out of timber for the past four weeks, being unsuccessful in landing a suitable boat for handling this business.

At the present time we are requiring a ship of 2,000 tons dead-weight capacity, or less, which we could use for a period of six to nine months, steady work.

Anything you can do toward alleviating the above conditions will be greatly appreciated by us.

Thanking you in advance for your efforts in our behalf, we are,
Yours, very truly,

THE FREIBERG LUMBER CO.,
HARRY A. FREIBERG, *President.*

Also a letter from Mr. Arthur Hastings, president of the American Writing Paper Co., regarding shipping conditions:

AMERICAN WRITING PAPER CO.,
Holyoke, Mass., March 4, 1916.

HON. WM. C. REDFIELD,
Department of Commerce, Washington, D. C.

MY DEAR MR. SECRETARY: In further reply to your valued communication of the 2d, I quite agree with you on the shipping question, and the necessity of this country's owning or controlling plenty of ships to do our commerce. It is a matter that I have always held should have been taken up intelligently by this Government so that we could hold the trade, at least contingent to this continent. Just what has been in the minds of legislators for the last 50 years in reference to this matter, I do not know, and have never been able to satisfy myself that they cared very much or they would have taken it up more intelligently. I am not familiar with the present shipping bill so that I do not feel competent to pass upon it, but ships we should have under our own flag.

Yours, very truly,

ARTHUR C. HASTINGS, *President.*

Also a clipping from Montreal (Quebec) Gazette, entitled "Government-owned line of Hudson Bay steamers":

GOVERNMENT-OWNED LINE OF HUDSON BAY STEAMERS.

EXPECTED TO CARRY PART OF CANADA'S 1917 WHEAT CROP OVERSEAS—RAILWAY BEING RUSHED—LAYING OF STEEL WILL BE COMPLETED BY THE FALL OF 1916, IT IS EXPECTED.

[Special to the Gazette.]

OTTAWA, November 19.

A Government-owned line of steamers out of Hudson Bay will be established, it is understood, on the completion of the line and terminals of Canada's new northern port and will be in operation in time to carry part of the 1917 wheat crop to its destination overseas, it is hoped.

Work on the construction of the line is being expedited with a view to completing the laying of steel by the fall of next year. If this is done, as stated, the route will be in a position to compete for the movement of the Canadian grain crop of 1917. On account of the prejudice created against the route by the results of careless navigation in Hudson Bay, it is expected that insurance rates will at first be so high that it will be necessary for the Government to operate its own line of steamers. This, it may be stated, will, according to present intentions, be done.

There now remain only 100 more miles of grading to be done on the Hudson Bay Railway. The roadbed has been graded for almost 90 miles beyond Manitou, on the Nelson River, and is now waiting for the steel. A bridge has still to be constructed across this river, but it will be taken up in a "knockdown" condition and will not take long to erect, though the span is of considerable length.

Work at the terminals is also proceeding, while at the same time wireless stations are being placed. There will be a chain of these covering the whole route from Port Nelson to the mouth of Hudson Straits.

Also a letter from Mr. William E. Peck, of New York, giving additional information on shipping conditions:

WILLIAM E. PECK & CO. (INC.),
New York, March 10, 1916.

HON. JOSHUA W. ALEXANDER,
House of Representatives, Washington, D. C.

DEAR SIR: The freight situation continues to get worse instead of better, and recently a charter has been made from New York to Buenos Aires at the rate of \$95,000 per month for a steamer which can carry 8,500 tons of freight, and I understand that two more charters are about to be executed at the rate of \$115,000 per month.

As three months are required for the round trip, you can readily see that the freight rates on many of the commodities which we ship will be prohibitive.

As I remarked when I attended the recent hearing on the Alexander bill, "Some bill ought to be passed as quickly as possible to relieve the situation," and I therefore trust that your bill, with the few changes suggested by the New York Chamber of Commerce committee, will have the early attention of Congress.

The shipping situation is getting so dreadfully bad that men who were formerly ultraconservative as regards any Government aid are now beginning to realize that unless the Government steps in and does something for the relief of our shipping that the exports of this country are going to be terribly curtailed.

Yours, very truly,

W. E. PECK.

Also letter from the Secretary of Commerce, quoting a letter from the White Star Line regarding shipments to Liverpool:

DEPARTMENT OF COMMERCE,
Washington, March 11, 1916.

MY DEAR JUDGE ALEXANDER: Permit me to quote in full letter which speaks for itself:

11 BROADWAY,
New York, March 8, 1916.

THE INDUSTRIAL PRESS,
140 Lafayette Street, City.

GENTLEMEN: Referring to your letter of the 7th instant, beg to say at the present time we have no space to offer for shipments of any kind to Liverpool inasmuch as the British Government has taken practically all space by our steamers for their requirements.

Yours, truly,

WHITE STAR LINE,
Per A. T. ALLEN.

It would be hard to conceive a more humiliating position for our country than this. I earnestly hope the new shipping bill will relieve the situation which now appears so heavily against us.

Yours, very truly,

WILLIAM C. REDFIELD, Secretary.

HON. J. W. ALEXANDER,
House of Representatives, Washington, D. C.

770 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Also letter from Dr. E. E. Pratt, Chief of the Bureau of Foreign and Domestic Commerce, quoting cablegram from Commercial Attaché Veditz, at Madrid, regarding the creation of a commission to regulate shipping for the Spanish Government:

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, March 10, 1916.

HON. JOSHUA W. ALEXANDER,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: The bureau is this morning in receipt of a cablegram from Commercial Attaché Veditz, at Madrid, as follows:

"Spanish royal decree March 3 creates commission regulate ocean transportation of necessities, especially wheat and coal. It may requisition hundred thousand tons Spanish ships fix freights for above imports and maximum selling prices thereof here."

I believe that this information may prove to be of some interest to you in connection with the proposed shipping board, inasmuch as it means that the shipping of still another neutral nation will be greatly restricted. There is also inclosed for your information a marked copy of Commerce Reports, containing another announcement from Commercial Attaché Veditz to the effect that the Pinillos Steamship Co. has just announced the suspension of its mail steamship service between Spain and America. With kind regards, I am,

Very truly, yours,

E. E. PRATT, *Chief of Bureau.*

Also clipping from United States Commerce Reports, announcing suspension of mail steamship service between Spain and America:

SUSPENSION OF SPANISH STEAMSHIP LINE.

[Commercial Attaché C. W. A. Veditz, Madrid, Feb. 11.]

The Pinillos Steamship Co. has just announced the suspension of its mail steamship service between Spain and America, on account of the abolition of the Government navigation subsidies. The company operated mail steamers twice a month to Cuba and Porto Rico, and once a month to South America.

Also resolution of the American Chamber of Commerce of China:

To the President of the United States and the Secretary of Department of Commerce:

Whereas subsequent to the enactment of the La Follette seamen's bill the Pacific Mail Steamship Co.'s fleet of five vessels, the Great Northern Steamship Co.'s mammoth liner *Minnesota*, and the Dollar Steamship Co.'s three liners under the American flag, constituting the entire American mercantile marine in the trans-Pacific trade, have been sold and withdrawn from the Pacific (with the exception of the *Robert Dollar*, which is to make Vancouver its only American port of call); and Whereas the withdrawal of the American mercantile fleet from the Pacific at this time will be many fold more disastrous in its effects on America's trade with China than had it happened during peace time for the following reasons:

(a) The Canadian Pacific fleet and a number of the Standard Oil Co.'s vessels under the British flag on the Pacific have been commandeered by the British Government for war service.

(b) Because of the scarcity of tonnage, the Japanese Government has instructed its subsidized trans-Pacific liners to give exporters from Japan preference in allotments of tonnage.

(c) The British enemy trading act and regulations, as in operation in China, interpret as enemy cargo any goods from which German or Austrian firms or individuals can directly or indirectly profit in the cargo itself or in the preparation thereof and prohibits British ships and lighterage companies from handling any such cargo, even though absolute American or other neutral ownership may be proven before the cargo leaves the port, and in this connection requires that neutral applicants for British tonnage submit all documents pertaining to orders to the

British consular authorities for inspection and approval before British shipping companies will be allowed to accept neutral cargo for shipment. As it is estimated that above 75 per cent of the export trade from China to the United States (tea and silk excepted) has been done through German firms, which alone possess the facilities for handling this trade, the bulk of China's export trade with the United States falls into the category of "enemy trade" under the British enemy trading act as operated in China; thus it becomes impossible for American firms to participate in this trade so long as they are dependent upon British ships.

(d) Not only does the enemy trading act interfere with shipments from China to the United States, but importations by American merchants are seriously hampered from the fact that the British consular authorities, in some instances, demand insight into all details of every transaction undertaken by these American import firms and have issued an order that any import cargo handled by British ships shall not be delivered until the documents have been approved by British authorities. Through fear that this approval of a shipment might not be forthcoming, one of the largest American shipping firms in the Orient has instructed its United States offices not to accept any cargo for Shanghai, fearing that it might be held liable for violation of the common carrier act if it was forbidden to deliver cargo which it had taken for transportation to this port. Thus it has become exceedingly difficult for American import firms to be certain of receiving goods they have ordered, since the lack of American tonnage restricts their incoming shipments to British and Japanese vessels.

(e) The regular line Japanese steamships loading cargo in China ports are obliged to load in midstream, necessitating the use of lighters, which are for the most part controlled by British tug and lighter companies, which has the effect of placing cargo shipped by these steamers under British supervision so far as concerns the British trading act and regulations.

(f) The general curtailment of Chinese exports to Europe owing to the war has caused a substantial reduction in the values of some of these products, and the closing of other sources of supply has increased the demands for certain other China products; these factors combined with the very favorable export exchange make for increased demands in the United States for China's articles of export and in spite of advances in freight to from 100 to 150 per cent now as compared with those ruling before the European war, the volume of export trade from China to the United States during this period has increased greatly.

(g) The trans Pacific shipping facilities, including the ships until recently under the American flag, those withdrawn or sold, those commandeered by the British Government, and the British and Japanese ships now in operation under restriction have not exceeded the cargo requirements for this trade, even during normal times.

(h) Unusual opportunities for the development of American export trade with China present themselves during this time when European supplies are cut off from this market, but China must sell her products if she would maintain her import trade. By facilitating the movement of exports from China to the United States the way is paved for increased imports from America and for the establishment of a market for American products in China which it may be possible to hold after the conclusion of the war and which without the war it may have been impossible to establish. Now, therefore, be it

Resolved, That we, the American Chamber of Commerce of China, in the interest of American trade in China and especially in light of the advantageous opportunities which would be accorded this trade at this time when the European nations are engaged in war, provided we had adequate shipping facilities under the American flag to handle this trade, do earnestly urge taking of such action as will result in the immediate repeal of the destructive La Follette amendment's bill and the enactment of such other legislation as will encourage the immediate development of an American merchant marine in the trans-Pacific trade, and that, pending the enactment of the necessary remedial measures, our Department of State in conference with the British authorities secure the recognition of the right of Americans to the shipment of bona fide American-owned cargo on British ships and importations thereof irrespective of prior ownership.

AMERICAN CHAMBER OF COMMERCE OF CHINA.

By J. H. McMICHAEL, *President*.

By P. L. BRYANT, *Secretary*.

SHANGHAI, November 1, 1915.

Also, letter from Mr. Lorenzo Daniels, of the firm of Busk & Daniels, New York:

LAMPORT & HOLT LINE,
BUSK & DANIELS, GENERAL AGENTS,
New York, March 7, 1916.

Hon. J. W. ALEXANDER,
Chairman Committee on the Merchant Marine and Fisheries,
Washington, D. C.

DEAR SIR: We have had several calls from newspaper representatives and others relative to some testimony in the minutes of the present hearing at Washington to the effect that the Lamport & Holt Line had been asked to quote on a tender for a large quantity of pipe bound to South America and that, because we had not quoted freight rates, we were discriminating against the American shipper.

These statements are ridiculous for the reason that for considerably over a year now the Lamport & Holt Line have not operated cargo boats in their South American service from New York, but have confined themselves practically to the passenger steamers sailing fortnightly. These steamers are insulated for refrigeration throughout and are not able to carry rough cargo. These conditions on their face explain the reason why we were not interested in quoting a rate on several thousand tons of rough-water pipes.

Furthermore, I would take the opportunity of calling your attention to the fact that the trade between the United States and South America is now practically in the hands of lines operating American steamers, together with the steamers of the National Brazil Line and augmented by the boats of neutral countries, such as Norway, Denmark, etc.

If you will take the announcements of the lines in to-day's Journal of Commerce you will find that the Lloyd Brasileiro, owned by the Brazilian Government, announce the sailing of 8 Brazilian steamers; the United States & Brazil Line announce the sailing of three 10,000-ton American boats; Funch, Edye & Co., 1 American and 1 Danish steamer; Barber & Co., 1 American and 2 Norwegian steamers; Houlder, Weir & Boyd, 1 American and 1 Norwegian; the Prince Line, 1 British steamer monthly; the Norton Line, 3 American steamers of large tonnage; making a total of 9 American steamers, 8 Brazilian steamers, 3 Norwegian, and 1 Danish steamer; and, including our own announcement of 3 British steamers, a total of only 5 British steamers, covering the departures near by for Brazil and River Plate ports.

The trade to-day, therefore, as you will see, is in the hands principally of the American and Brazilian steamers, and we believe the rates are higher than they have ever been before.

It is our personal regret that we are not able to place more tonnage in this trade and to enjoy the present high market rates for transportation that are being taken advantage of principally by the American and Brazilian tonnage.

Possibly, in fairness to ourselves and in refutation of the statements that appear on your minutes, it may be desirable that this letter be made a matter of record.

Yours, faithfully,

LORENZO DANIELS.

P. S.—I omitted to include 2 American steamers of the Grace Line and 1 American steamer of the New York & South American Line, serving Bahia Blanca and ports to the south of Buenos Aires, on their way to the West Coast. Total, 29 steamers (24 American, etc., 5 British).

Also a letter from Dr. E. E. Pratt, Chief of the Bureau of Foreign and Domestic Commerce, transmitting data on the subject of ocean freight rates:

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, March 16, 1916.

DEAR JUDGE ALEXANDER: In response to the verbal request made by you some weeks ago I am transmitting herewith considerable data on the subject of ocean freight rates from the ports of New York, Boston, New Orleans, San Francisco, and Seattle. These data were compiled for the most part by the commercial agents in charge of the district offices of this bureau at the specified ports, although considerable data also were taken from material in the bureau's files.

As you will observe, rates on the first of each quarter in 1914 and 1915 are shown for all of the specified American ports, and also at the close of each week from January 1, 1914, to March 11, 1916, for the ports of New York and Boston. The data cover a

wide variety of commodities as well as a considerable number of foreign ports, and afford, therefore, an adequate basis for gauging the movement in ocean freight rates during the past two years.

As a supplement to the data on freight rates from the United States it was thought pertinent to submit data and charts showing freight rates to and from British ports. These figures are taken from reliable British sources and indicate clearly the movement during the years covered not only in British freights but in freights throughout the world. Much of the British data is taken from *Fairplay*, one of the leading marine journals, and much also from the *Cardiff and South Wales Journal of Commerce Industrial Review* for 1916.

In considering ocean freight rates from the United States during the past two years account must, of course, be taken of the great decrease in the merchant shipping available for purely commercial uses and also of the unusual disturbance in trade routes that has occurred as a result of the present war. The working of the economic laws of supply and demand has perhaps never been as clearly illustrated, at least so far as the shipping industry is concerned, as at the present time. The causes for the lack of merchant tonnage are well known, namely (1) the elimination of the merchant ships of Germany and Austria-Hungary; (2) the withdrawal of merchant ships for use as transports and for other military and naval purposes; and (3) the loss of ships through submarine and mining operations. Another cause for the shortage of merchant ships, and this is an important one, although it is seldom stressed, is that the shipyards of the countries at war have been given over almost entirely to the construction and repair of naval vessels, with the result that the merchant shipping of the world has failed to receive its normal accession of new tonnage.

Special emphasis should be laid upon the fact that the war is causing unusual disturbance of merchant shipping by reason of extraordinary demands for tonnage in the trans-Atlantic trade for moving enormous cargoes of bulk products from American to British and French ports. This demand has been so great and the rates offered so high that ships have been diverted from their ordinary routes to this trans-Atlantic trade.

The data shown in the accompanying tables are, unless otherwise specified, for line or berth traffic, since these data are considered more valuable for the present purpose and could be more easily secured for the entire period of two years. While charter rates are regarded by many as a better indication of the lack or scarcity of tonnage, they are, nevertheless, subject to wider fluctuations, particularly under the present war conditions.

Much of the data have been taken from the freight circulars of forwarding agents, such as Lunham and Moore, of New York City, and of the export freight departments of railroads, such as the Boston & Albany Railroad and the Boston & Maine Railroad. The rates, as quoted in these circulars, are "for general information only" and "subject to confirmation." In many cases, also, the rates shown in the accompanying tables have been taken from actual manifests.

The situation as affecting charter rates has not, however, been overlooked. A review of the course of charter rates during the past two years will be found in the report of the New York district office of this bureau and in an extract from the *Journal of Commerce* of March 4, 1916.

Regarding the general trend in freight rates between January 1, 1914, and January 1, 1916, a few comments seem pertinent. Take, for instance, the rates on grain from New York and Boston to Liverpool. In January, 1914, the rate from New York and Boston to Liverpool was 4.1 cents per bushel; one year later the rate from New York to Liverpool was 18.3 cents and from Boston to Liverpool 13.2 to 15.2 cents per bushel. In January, 1916, the rate from New York to Liverpool was 40.6 cents per bushel and from Boston to Liverpool it was 34.5 to 36.5 cents. From these data it appears that the rate on grain from New York to Liverpool was, in January, 1916, about 10 times as high as in January, 1914, while the rate from Boston to Liverpool was only about 9 times as great. It will be noted that in January of the present year grain could be shipped from 4 to 6 cents per bushel less from Boston than from New York. The higher rate from New York is probably due to the long delays and high demurrage charges resulting from the present congestion at the port of New York.

In general, it can be said that the increase in ocean freight rates has been more pronounced in the case of grain than in the case of any other important commodity. Whereas the increase in the rate on grain from New York to Liverpool has been about 900 per cent in the past two years, the increase in the rate on flour has been about 500 per cent, and the increase in the rate on provisions only 400 per cent. The higher increase in the rates on grain may be accounted for by the fact that in ordinary times grain is carried at especially low rates because of its desirability as ballast as well as for the reason that it can be easily taken on and discharged.

Extended comparisons might be made as to the course of freight rates on a single commodity from one port or from several ports. In fact, it is impossible in this short space to more than hint at possible comparisons and deductions. It is well, however, to call attention to at least one more striking feature regarding the rates from New York as compared with Boston. On January 1, 1914, the rate per 100 pounds on flour to Liverpool was 15 cents both at New York and Boston; on January 1, 1916, the rate from Boston to Liverpool was 80 cents per 100 pounds, while the rate from New York was 90 cents.

A glance at the tables showing week by week from January 1, 1914, to March 11, 1916, the quoted rates on important commodities exported from New York to a number of European ports, shows that the trend in rates is still upward and at an accelerated rate. During the year 1914 the rate on grain increased about 14 cents per bushel and during 1915, about 22 cents per bushel, but during the first two months of 1916 the increase was 10 cents per bushel.

The advances in rates from New Orleans to European ports have been fully as pronounced as the increases from New York to the same ports. At both New York and New Orleans the rate on cotton shipments to Liverpool has increased about 900 per cent in the past two years, but it is still far cheaper, as far as the ocean rate is concerned, to ship cotton from New York, in spite of its congested condition, than from New Orleans. On January 1, 1916, the rate per 100 pounds of cotton was \$2.25 from New York and \$3 from New Orleans.

The cost of shipping other commodities is considerably higher at New Orleans than at New York. To ship wheat from New Orleans to Glasgow, on January 1, 1916, cost 54.8 cents per bushel, while the rate from New York to Liverpool was 40.6 cents. The greater distance from British ports is not the only reason for the higher rates from New Orleans as compared with New York. A more significant reason is to be found in the greater volume of commerce and the greater diversity and extent of shipping at the port of New York. These facts seem pertinent at the present time when considerable stress is being laid upon the congestion at the port of New York and when efforts are being made to divert export traffic to other ports.

Regarding freight rates from Seattle and San Francisco it would seem from the data at hand as though the trans-Pacific rates have not, in general, increased in the same ratio as the trans-Atlantic rates. In this connection a comparison between the rates on specified commodities from New York to Liverpool and between Seattle and Hongkong may be illuminating. The rate on sack flour from New York to Liverpool increased in the period between January 1, 1914, and January 1, 1916, from 15 cents per 100 pounds to 90 cents, whereas the rate on the same commodity from Seattle to Hongkong increased during this period from 25 cents per 100 pounds to 75 cents. On January 1, 1914, the rate on flour from New York to Liverpool was 10 cents per 100 pounds less than the rate on flour from Seattle to Hongkong, but on January 1, 1916, the rate from New York to Liverpool was 15 cents more per 100 pounds than the corresponding rate from Seattle to Hongkong.

The trans-Pacific rates on other commodities, such as wheat, lard, and meat products, show comparatively little increase during the past two years. This is more significant in the case of wheat than in the case of lard and meat products, since under ordinary conditions there is a large volume of wheat moved and comparatively little lard and meat. The rates on boots and shoes show a comparatively small increase during the past two years; in other words, from 60 cents to only 75 cents per 100 pounds. In certain other commodities the trans-Pacific rates from Seattle have increased in a remarkable degree. The rate on agricultural machinery was three times as high on January 1, 1916, as on January 1, 1914, while the rate on copper was twice as high; the rate on sewing machines, over two and one-half times as high; the rate on leather shipped in cases, about five times as high; and the rate on canned salmon, twice as high. The greatest increases, however, have been in steel products. On January 1, 1914, the cost of transporting bar iron, sheet iron, or wire from Seattle to Hongkong was only \$3.60 per short ton, but on January 1, 1916, the rate was \$30, there having been an increase of \$14 per short ton since October 1, 1915.

Regarding the freight rates on coal from Welsh ports, which are shown in the tables taken from the Cardiff and South Wales Journal of Commerce Industrial Review for 1916, it will be seen that the increase in coal rates from Welsh ports has been even higher than our own. In this connection it is well to remember that exports of coal are a big factor in British shipping, since they insure bulk cargo for the return voyage to many of the ships carrying bulk freight to Great Britain, and that in ordinary times the outward rate on coal is, therefore, low. At present, however, since British ships are not in general pursuing their ordinary routes but have been diverted largely to trans-Atlantic trade with the United States, the tonnage available for coal has been considerably curtailed, with the result that in certain directions the rates from Wales

have been almost prohibitive, and little or no tonnage has been offered even at the present abnormal rates, as, for example, in the case of shipments to Genoa and Naples. This fact should be borne in mind in any consideration of the increases during the past two years in freight rates on coal from Welsh ports.

Yours, very truly,

E. E. PRATT, *Chief of Bureau.*

HON. J. W. ALEXANDER,
*Chairman Committee on the Merchant Marine and Fisheries,
House of Representatives, Washington, D. C.*

[Report prepared by the New York district office of the Bureau of Foreign and Domestic Commerce.]

INCREASE IN OCEAN FREIGHT RATES FROM JANUARY 1, 1914, TO JANUARY 1, 1916.

The steady increase in ocean freight rates as a result of the scarcity of cargo tonnage and other conditions arising from the European war is shown in the accompanying figures covering the principal commodities exported from the port of New York.

The following report presents the facts in regard to the increase in (1) berth rates and (2) charter rates.

1. INCREASE IN STEAMSHIP BERTH RATES.

The increase in the steamship berth rates from the port of New York to various European ports is shown in the accompanying tables, which show the rates on sack flour, compressed cotton, grain, provisions, and measurement goods. These tables afford, therefore, an excellent basis for the study of the general increase in freight rates resulting from the scarcity of cargo tonnage and from other conditions.

The table showing rates for measurement goods covers the rates for practically all articles of general merchandise as well as for a large group of miscellaneous products including steel products, machinery, and other manufactured articles.

The rates for cotton, grain, provisions, and sack flour, furnish a sufficient basis also for deductions regarding the increase in freight rates on bulk commodities carried by regular line steamships.

The increases between January 1, 1914, and December 31, 1915, in the steamship berth rates vary considerably for the specified commodities. The general increase during the period has been between 500 and 1,000 per cent. The increase in rates for grain has been particularly marked.

On January 31, 1914, the berth rate for grain from New York to Liverpool was \$0.0607 per 100 pounds and on December 31, 1915, \$0.67, an increase of 1,000 per cent. Moreover, on the latter date, with the exception of movement by Government arrangements, it was practically impossible to transport grain in regular-line steamships, the bulk of the grain movement having been turned over to independent vessels chartered for the purpose.

A similar increase is seen in the berth rates on cotton from New York. On January 3, 1914, the rate per 100 pounds on cotton from New York to Liverpool was 28 cents, and on December 31, 1915, \$2.25.

The same general ratio of increase is also noticeable in the berth rates for provisions, sack flour, and measurement goods.

Berth rates for measurement goods during the period studied have also shown a marked increase. On January 3, 1914, the rate per 100 pounds for the carrying of manufactured articles from New York to Liverpool was 21 cents, and on December 31, 1915, 63 cents.

While the most noticeable increases in steamship berth rates have been in the rates from the United States to European ports, still the great demand for cargo space for transatlantic tonnage has caused similar increases in the rates to other parts of the world. One very striking illustration of this fact is the rate on cement from New York to the River Plate. Previous to the war, rates on cement from New York to the River Plate were very low, about \$5 per ton, but to-day an export manager of a large cement manufacturing house in New York reports that he is in a position to quote a selling price for cement in New York of 68 cents per barrel or about \$3.40 per ton, while the freight rate on cement from New York to River Plate ports is \$16 per ton. The great discrepancy between the cost of the manufactured article and the ocean transportation rate is evident. Moreover, in this connection it should be remembered that the rates on cement from England to South American ports have not shown so great a relative increase as the rates from New York to South American ports. At the time the quoted rate from New York to the River Plate was \$14 per ton, the rate from Liverpool to the River Plate was approximately \$9 per ton.

2. INCREASE IN CHARTER RATES.

The great increases in the steamship-berth rates is paralleled by the increases in the steamship charter rates for full cargoes from New York to European ports. The bulk of the freight tonnage in foreign trade is moved by tramp steamers which are owned by independent steamship companies and are chartered through steamship agents and brokers to individuals and firms desiring steamers for the movement of full cargoes.

No industry is more directly affected by conditions of the demand and supply than the steamship industry and the creation of a great demand for cargo space in any section of the world's markets has a direct effect upon steamship charter rates and berth rates in all parts of the world. Charter rates fluctuate directly in relation to the available cargo tonnage and the demand for cargo space. The great increase in charter rates, therefore, presents the best evidence of the scarcity of tonnage at the present time and the need of additional tonnage if any relief is to be expected.

Grain charters.—Charters for grain are usually based on a charter of a steamship for the transportation of a certain number of quarters, each quarter consisting of approximately 480 pounds, or 8 bushels. On January 3, 1914, when the movement of grain was at a very low ebb, the charter rate from New York to English ports was 2 shillings 1½ pence (\$0.52) per quarter. On December 31, 1915, the charter rate was about 13 shillings 6 pence (\$3.29) per quarter. The charter rate on December 31, 1915, on grain from New York to Mediterranean ports was 18 shillings (\$4.38), while the average rate for grain between the United States and other European ports was between 12 and 14 shillings (\$2.92 to \$3.41) per quarter.

One interesting feature in connection with the increase in charter rates for grain is the fact that it occurred largely during the late summer and fall of 1915. In the fall of 1914, although there was a very large demand for cargo space for grain movement, the charter rates ranged between 5 and 8 shillings (\$1.22 to \$1.95) per quarter. Even as late as April 3, 1915, the charter rates on grain from New York to European ports were about 9 shillings (\$2.19), but during September, October, November, and December, 1915, there was a very great increase in the rates, showing not only a greater demand for cargo tonnage, but also a decrease in the available supply.

Coal charters.—The movement of coal between the United States and foreign countries is carried on primarily on a charter basis, as full cargo shipments are made. The increase in the charter rates on coal therefore furnishes another criterion of the shipping situation. Previous to the outbreak of the European war there was very little movement of coal from the United States to European or other ports. On July 3, 1914, however, a schooner was chartered for the movement of coal from Philadelphia to Calais at \$1.10 per ton. As a result of the conditions resulting in a scarcity of steamship tonnage a steamer was chartered on December 31, 1915, for the movement of coal from Norfolk to Boston at \$3.25 per ton dead-weight.

Petroleum charters.—In the foreign trade petroleum is carried largely in tank steamers. There is therefore a definite limit to the amount of steamship tonnage available for the handling of petroleum in bulk. Nevertheless the increase in the charter rates for petroleum has been marked, and it is practically impossible at the present time to secure charters for tank steamers at any rate on account of the great scarcity of tonnage.

On April 4, 1914, the charter rates for the movement of case oil from New York to the Far East was 17½ cents per case. On December 31, 1915, a steamer was chartered from New York to Australia at a charter rate of \$1.50 per case, and a sailing vessel was chartered for the movement of petroleum in barrels from Philadelphia to the United Kingdom at 13 shillings 6 pence (\$3.29) per ton.

Miscellaneous charters.—A great part of the movement of freight by chartered vessels is carried on under different forms of charter. There has been a marked tendency in shipping circles to adopt the time charter, and the increase in the rates for time charters for steamships and sailing vessels has been remarkable. Time charters for individual steamships are usually based on (1) the payment of a lump sum covering the period of the voyage, (2) payment on a monthly basis, or (3) a payment of a lump sum per ton of dead-weight capacity of vessel.

A typical time charter in January, 1914, for a steamer in the trans-Atlantic trade, for one round trip, was made at the rate of 3 shillings 7½ pence (\$0.88) per ton dead-weight. In December, 1915, a steamer of about the same tonnage was chartered for one round trip in the trans-Atlantic trade on a basis of 30 shillings (\$7.30) per ton dead-weight.

This illustration is typical of a number of others of similar character. Thus, a steamer of about 2,500 tons was chartered for 12 months in April, 1914, on the basis of 2 shillings 10½ pence (\$0.70) per ton dead-weight. In October, 1915, not only was

it extremely difficult to secure a charter covering so long a period of time, but a steamer of approximately the same tonnage was chartered for one round trip from the United States to the Far East on the basis of 15 shillings (\$3.65) per ton deadweight. Time charters for larger vessels, especially for particular trades, have gone as high as \$54,000 per month, as in the case of American vessels used in the cotton trade with Germany last fall when it was possible to ship raw cotton to Bremen direct.

Another striking illustration of the tremendous increase in charter rates is shown by the charter of a small steamship of 989 tons for the West Indian and coastwise trade, on December 31, 1915, for 12 months at the rate of \$7,000 per month.

Charters to South America.—The increase in charter rates for the movement of goods between the United States and South America is of particular interest. On January 3, 1914, a steamer of about 3,200 tons was chartered for the movement of coal from the United States to Rio de Janeiro at 15 shillings (\$3.65) per ton. On December 31, 1915, a Norwegian steamer of only 2,400 tons was chartered for the movement of coal from Atlantic ports to Rio de Janeiro on a basis of 52 shillings 6 pence (\$12.70), and a schooner of only 1,000 tons was chartered for the movement of coal from Norfolk to Para on the basis of \$7.50 per ton. In view of the fact that the cost of the coal at Norfolk was approximately \$2.85, the relation of the steamship rate to the cost of material was extremely noticeable.

One of the commodities that has been severely affected by the increase in the freight rates is lumber. On January 3, 1914, a Russian steamer of about 1,500 tons was chartered for the movement of lumber from one of the Gulf ports to the River Plate at 105 shillings (\$25.55) per standard (2,000 board feet). On December 31, 1915, a sailing bark of 1,500 tons registry was chartered for the movement of timber from the Gulf to British ports, a shorter voyage, at 320 shillings (\$77.86) per standard.

Another striking illustration of the great increase in the freight rates during the last 12 months is shown by the fact that on January 3, 1914, a steamer of 2,200 tons register was chartered for the New York and South American trade at the rate of 4 shillings 7½ pence (\$1.13) per ton dead-weight, and in December 31, 1915, a Norwegian bark of 1,500 tons register was chartered for the movement of nitrate from South America to the United States on a basis of 70 shillings (\$17.03) per ton dead-weight.

General summary.—The above tables and facts bring out four salient points:

1. A very steady and remarkable increase in steamship rates from New York to all parts of the world is noticeable. This has been particularly true of steamship berth rates and even been more marked in the matter of charter rates.

2. A scarcity in steamship tonnage, which was noticeable at the outbreak of the war on account of the withdrawal of the German and Austrian merchant shipping, and the requisition of a large part of the British marine under Admiralty orders, has been instrumental in causing a decrease in the supply of steamship tonnage. The decrease of steamship tonnage has been accompanied by a steady growth in the demand for cargo space for the movement of goods from New York to Europe. As a result, steamship rates have continued and will continue to mount unless some changes can be brought about in the present situation.

3. The most important feature of the situation from the standpoint of the United States is the fact that the tremendous demand for cargo space coupled with the scarcity of steamship tonnage in the transatlantic trade has seriously affected the trade of the United States with neutral and outlying countries, such as South America, Australia, South Africa, and the Far East. It is practically impossible to secure any tonnage either sailing or steam except at exorbitant rates for the transportation of goods from the United States to those countries. This is due to the length of the voyage and to the fact that greater profits can be secured in the shorter voyage at transatlantic rates.

4. There is a general feeling among shippers of goods from the port of New York that the Government might be able to materially assist the situation by securing and operating vessels which would be entered into service for the purpose of moving American goods to such markets as Australia, the Far East, and South Africa, for which at the present time it is practically impossible to secure cargo space at a rate which will enable the customer to purchase the goods.

778 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Ocean freight rates from New York to European ports.

GRAIN, PER BUSHEL.

Date.	British ports.				Danish port, Copenhagen.	Dutch port, Rotterdam.	French ports.		Italian ports.	
	London.	Liverpool.	Glasgow.	Hull.			Havre.	Marseille.	Genoa.	Naples.
1914.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
Jan. 3	4.6	4.1	4.1	5.1	5.7	5.3	8.4	9.1	9.1	10.7
10	4.6	4.1	4.1	5.1	6.1	4.5	8.4	9.1	9.1	10.7
17	4.1	4.1	4.1	5.6	6.1	3.8	8.0	8.4	8.4	8.9
24	4.1	4.1	4.1	5.6	6.1	3.8	8.0	8.4	8.4	8.9
31	4.1	4.1	4.1	5.1	5.7	3.8	7.6	8.4	8.4	9.1
Feb. 7	4.1	4.1	4.1	4.6	5.7	4.0	7.6	7.6	7.2	9.1
14	4.1	3.5	4.1	4.6	5.7	4.3	7.6	7.6	7.2	9.1
21	4.1	3.5	4.1	4.6	5.7	4.3	7.6	7.6	7.2	9.1
28	4.1	3.0	4.1	4.1	5.7	4.3	7.6	8.0	6.1	9.1
Mar. 7	4.1	3.0	4.1	4.1	5.7	4.0	7.2	8.0	6.1	9.1
14	3.5	2.5	3.5	4.1	5.7	4.0	7.2	7.6	5.3	9.1
21	3.5	2.5	3.0	4.1	5.7	4.0	6.5	7.6	4.6	9.1
28	3.5	2.5	3.0	4.1	5.7	3.5	6.5	7.6	4.2	9.1
Apr. 11	3.5	2.5	3.0	4.1	5.7	3.5	6.5	6.1	4.2	9.1
18	3.5	2.5	3.0	4.1	5.7	3.5	6.5	6.5	4.2	9.1
25	3.5	2.5	4.1	4.1	5.7	3.5	7.2	6.9	4.2	9.1
May 2	3.5	2.5	3.0	3.5	5.7	3.5	6.5	6.5	6.1	9.1
9	3.5	2.5	3.0	3.5	5.7	3.8	6.5	6.5	6.1	9.1
16	3.0	3.0	3.0	3.5	5.7	3.8	6.5	7.6	5.3	6.1
23	3.0	3.0	3.0	3.5	5.7	3.5	6.1	7.6	5.3	6.1
29	3.0	3.0	3.0	3.5	5.7	3.3	6.1	7.6	5.3	6.1
June 6	3.0	3.0	4.1	3.5	5.7	3.3	6.1	7.6	5.3	6.1
13	3.0	3.0	4.1	3.5	5.3	3.0	6.1	7.6	6.1	9.1
20	3.0	4.1	4.1	3.5	5.3	3.0	6.1	7.6	6.1	9.1
27	3.0	5.1	4.1	3.5	5.3	3.0	6.1	8.4	6.1	9.1
July 3	3.5	5.1	4.1	3.5	6.1	3.5	6.1	8.7	6.9	8.4
11	4.1	5.1	4.1	5.1	6.1	6.3	7.2	8.7	6.9	8.4
18	5.1	5.1	3.0	5.6	6.1	6.4	7.2	8.7	6.9	8.4
Aug. 1	5.1	5.1	3.0	5.6	6.1	6.0	7.6	9.5	8.4	8.4
8										
15										
22										
29										
Sept. 5	6.6	5.1	6.1	7.1	13.7		7.6			
12	6.6	5.1	6.1	5.1	12.2		7.6			
19	6.6	5.1	6.1	6.6	12.9		8.4	9.9	10.7	12.2
26	7.1	7.1		7.1	12.9		8.4	9.9	12.2	13.7
Oct. 3	7.1	7.1		8.1	15.2	11.0	8.4	9.9	12.2	13.7
10	7.1	8.1		8.1	15.2	11.0	8.7	11.0	12.2	16.7
17	7.1	7.6		8.1	15.2			12.2		16.7
24	7.6	7.1		8.1	16.7		12.2	13.7	15.2	16.7
31	8.6	8.1		8.1	15.3		12.2	13.7	15.2	16.7
Nov. 7	13.2	12.2		13.2	18.3		12.2	16.7	17.5	17.5
14	14.2	13.2		14.2	18.3		12.2	19.0	17.5	19.0
21	14.2	13.2		14.2	18.3		12.2	19.8	17.5	19.0
28	15.2	13.2		14.2	18.3		12.2	19.8	19.8	20.5
Dec. 5	15.2	14.2		15.2	25.9	27.4		24.3	27.4	27.4
12	16.2	16.2		16.2				25.9	27.4	27.4
19	17.2	16.2		17.2		30.4			30.4	
24	18.3	17.2		18.3				30.4		
1915.										
Jan. 2	18.3	18.3		18.3				30.4		
9	19.3	18.3		18.3				30.4	30.5	
16		20.3		19.3				28.9		
23	24.3	22.3		19.3		36.0		23.5		
30	22.3	21.3		20.3				23.5		
Feb. 6	22.3	21.3		20.3				20.4		
13	22.3	22.3		20.3				20.4		
20	24.3	24.3		18.3				20.4		
27	24.3	21.3		24.3				23.5		
Mar. 6	24.3	21.3		24.3				23.5		
13		24.3		24.3						
20		24.3		24.3						
27		24.3		24.3						
Apr. 3	24.3	24.3		24.3	42.6			26.5		
10	24.3	24.3		24.3	42.6	39.5		24.5		24.5
17	22.3	24.3	24.3	24.3	36.5	39.5		20.4		26.5
24	21.3	22.3	21.3	21.3	34.5			20.4		
May 1	22.3	22.3	21.3	21.3	33.5	27.4		20.4		
8	22.3	22.3	21.3	22.3	33.5			20.4		23.5
15	24.3	24.3		24.3	33.5			20.4		23.5
22	22.3	22.3		22.3	27.4			20.4	23.5	23.5
29	24.3	24.3		24.3	27.4			20.4	21.9	21.9

Ocean freight rates from New York to European ports—Continued.

GRAIN, PER BUSHEL—Continued.

Date.	British ports.				Danish port, Copenhagen.	Dutch port, Rotterdam.	French ports.		Italian ports.	
	London.	Liverpool.	Glasgow.	Hull.			Havre.	Marseille.	Genoa.	Naples.
1915.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
June 5	24.3	24.3	24.3	24.3	28.1	28.1	30.4	30.4	31.9	31.9
12	24.3	24.3	24.3	24.3	28.1	28.1	30.4	30.4	31.9	31.9
19	22.3	24.3	22.3	21.3	28.1	27.4	30.4	30.4	31.9	31.9
26	21.3	21.3	22.3	21.3	27.4	27.4	30.4	30.4	31.9	31.9
July 2	21.3	21.3	21.3	21.3	28.9	28.9	30.4	30.4	31.9	31.9
10	21.3	18.3	21.3	18.2	28.9	28.9	30.4	30.4	31.9	31.9
17	21.3	20.3	22.3	18.2	31.9	25.9	30.4	30.4	31.9	31.9
24	21.3	21.3	22.3	21.3	31.9	27.4	30.4	30.4	31.9	31.9
31	21.3	21.3	22.3	22.3	31.9	27.4	30.4	30.4	31.9	31.9
Aug. 7	20.3	20.3	22.3	24.3	36.5	33.5	33.5	33.5	36.5	36.5
14	20.3	20.3	24.3	24.3	36.5	36.5	33.5	33.5	36.5	36.5
21	20.3	20.3	24.3	24.3	36.5	36.5	35.0	35.0	36.5	36.5
28	22.3	21.3	24.3	30.4	36.5	36.5	35.0	35.0	36.5	36.5
Sept. 4	24.3	24.3	24.3	30.4	36.5	36.5	35.0	35.0	36.5	36.5
11	28.4	26.4	30.4	30.4	36.5	36.5	35.0	35.0	36.5	36.5
18	28.4	28.4	30.4	30.4	36.5	36.5	35.0	35.0	36.5	36.5
25	30.4	30.4	30.4	32.4	36.5	35.0	36.5	36.5	36.5	36.5
Oct. 2	36.5	36.5	36.5	36.5	35.0	35.0	36.5	36.5	36.5	36.5
9	40.6	40.6	40.6	48.7	45.0	35.0	38.0	38.0	45.6	45.6
16	40.6	40.6	38.5	48.7	45.0	35.0	38.0	38.0	45.6	45.6
23	40.6	40.6	36.5	48.7	48.7	38.0	39.5	39.5	45.6	45.6
30	40.6	40.6	40.6	48.7	48.7	35.0	39.5	39.5	45.6	45.6
Nov. 5	40.6	40.6	40.6	48.7	48.7	37.5	37.5	37.5	45.6	45.6
13	40.6	40.6	40.6	48.7	54.8	37.5	37.5	37.5	45.6	45.6
20	40.6	40.6	40.6	48.7	54.8	37.5	37.5	37.5	51.7	51.7
27	38.5	38.6	40.6	48.7	60.8	37.0	37.0	37.0	54.8	54.8
Dec. 4	38.5	38.6	38.5	48.7	60.8	37.0	37.0	37.0	57.8	57.8
11	40.6	40.6	38.5	48.7	60.8	37.0	37.0	37.0	60.8	60.8
18	40.6	40.6	40.6	48.7	48.7	48.7	48.7	48.7	79.1	79.1
24	40.6	40.6	40.6	48.7	48.7	48.7	48.7	48.7	79.1	79.1
31	40.6	40.6	40.6	48.7	48.7	48.7	48.7	48.7	79.1	79.1
1916.										
Jan. 8	40.6	40.6	40.6	48.7	48.7	48.7	48.7	48.7	48.7	48.7
15	42.6	42.6	40.6	48.7	48.7	48.7	48.7	48.7	48.7	48.7
22	44.6	44.6	42.6	48.7	48.7	48.7	48.7	48.7	48.7	48.7
29	44.6	44.6	44.6	48.7	48.7	48.7	48.7	48.7	48.7	48.7
Feb. 5	44.6	44.6	44.6	48.7	48.7	48.7	48.7	48.7	48.7	48.7
12	48.7	48.7	44.6	48.7	48.7	48.7	48.7	48.7	48.7	48.7
19	50.7	50.7	48.7	50.7	50.7	50.7	50.7	50.7	50.7	50.7
26	50.7	50.7	46.6	60.8	60.8	60.8	60.8	60.8	60.8	60.8
Mar. 4	50.7	50.7	46.6	60.8	60.8	60.8	60.8	60.8	60.8	60.8
11	50.7	50.7	46.6	60.8	60.8	60.8	60.8	60.8	60.8	60.8

SACK FLOUR, PER 100 POUNDS.

1914.										
Jan. 3	15.0	14.0	17.0	18.0	18.0	13.0	22.5	20.0	19.0	19.0
10	15.0	14.0	17.0	18.0	17.0	13.0	22.5	20.0	19.0	19.0
17	13.0	12.0	15.0	17.0	17.0	13.0	22.5	20.0	19.0	19.0
24	13.0	12.0	15.0	17.0	17.0	13.0	22.5	20.0	19.0	19.0
31	13.0	12.0	15.0	17.0	17.0	13.0	22.5	20.0	19.0	19.0
Feb. 7	13.0	12.0	15.0	17.0	17.0	12.0	22.5	20.0	19.0	19.0
14	13.0	12.0	15.0	17.0	17.0	12.0	22.5	20.0	19.0	19.0
21	13.0	12.0	15.0	17.0	17.0	12.0	22.5	20.0	19.0	19.0
28	13.0	12.0	15.0	17.0	17.0	12.0	22.5	20.0	19.0	19.0
Mar. 7	13.0	12.0	15.0	17.0	17.0	12.0	22.5	20.0	19.0	19.0
14	12.0	11.0	15.0	17.0	17.0	12.0	22.5	20.0	19.0	19.0
21	12.0	11.0	15.0	17.0	17.0	12.0	22.5	18.0	19.0	19.0
28	12.0	11.0	15.0	17.0	17.0	12.0	22.5	18.0	19.0	19.0
Apr. 11	12.0	11.0	14.0	17.0	17.0	11.0	18.0	18.0	19.0	19.0
18	12.0	11.0	14.0	17.0	17.0	11.0	18.0	18.0	19.0	19.0
25	11.0	10.0	13.0	15.0	17.0	10.0	18.0	18.0	19.0	19.0
May 2	11.0	10.0	13.0	15.0	17.0	10.0	18.0	18.0	19.0	19.0
9	11.0	10.0	13.0	15.0	17.0	10.0	18.0	18.0	19.0	19.0
16	11.0	10.0	13.0	15.0	17.0	10.0	18.0	18.0	19.0	19.0
23	11.0	10.0	13.0	15.0	17.0	10.0	18.0	18.0	19.0	19.0
29	11.0	10.0	13.0	15.0	17.0	10.0	18.0	18.0	19.0	19.0
June 6	11.0	10.0	13.0	15.0	17.0	10.0	18.0	18.0	19.0	19.0
13	11.0	10.0	13.0	15.0	17.0	10.0	18.0	18.0	19.0	19.0
20	11.0	10.0	13.0	15.0	17.0	10.0	18.0	18.0	19.0	19.0
27	11.0	10.0	13.0	15.0	17.0	10.0	18.0	18.0	19.0	19.0

780 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARIN

Ocean freight rates from New York to European ports—Continued.

SACK FLOUR, PER 100 POUNDS—Continued.

Date.	British ports.				Danish port, Copen- hagen.	Dutch port, Rotter- dam.	French ports.		Italian ports.	
	London.	Liver- pool.	Glas- gow.	Hull.			Havre.	Mar- seille.	Genoa.	Na
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
1914.										
July 3	13.0	12.0	14.0	17.0	19.0	10.0	18.0	18.0	19.0	19.0
11	13.0	12.0	14.0	17.0	20.0	10.0	18.0	18.0	19.0	19.0
18	13.0	12.0	14.0	17.0	20.0	11.0	18.0	18.0	19.0	19.0
Aug. 1	13.0	12.0	14.0	17.0	20.0	11.0	18.0	18.0	19.0	19.0
8										
15										
22										
29										
Sept. 5	21.0	20.0	22.0	25.0	32.0	20.0	30.0	30.0	43.5	43.5
12	21.0	20.0	23.0	25.0	32.0	21.0	30.0	30.0	43.5	43.5
19	21.0	20.0	23.0	25.0	32.0	21.0	30.0	34.0	36.9	36.9
26	21.0	20.0	23.0	25.0	32.0	21.0	25.0	34.0	39.9	39.9
Oct. 3	22.0	21.0	24.0	26.0	32.0	25.0	25.0	35.0	34.0	34.0
10	22.0	21.0	24.0	26.0	32.0	25.0	25.0	35.0	34.0	34.0
17	22.0	21.0	24.0	26.0	35.0	25.0	26.3	35.0	34.0	34.0
24	22.0	21.0	24.0	26.0	35.0	25.0	26.3	35.0	34.0	34.0
31	22.0	21.0	25.0	26.0	35.0	25.0	29.0	35.0	34.0	34.0
Nov. 7	25.0	24.0	26.0	28.0	35.0	27.0	36.0	37.5	33.0	33.0
14	25.0	24.0	27.0	28.0	40.0	30.0	40.0	42.5	40.0	40.0
21	27.0	26.0	29.0	30.0	45.0	32.0	40.0	45.0	45.0	45.0
28	27.0	26.0	29.0	30.0	55.0	32.0	40.0	45.0	50.0	50.0
Dec. 5	27.0	26.0	29.0	30.0	60.0	40.0	42.0	50.0	53.0	53.0
12	30.0	26.0	29.0	30.0	60.0	53.0	47.0	55.0	60.0	60.0
19	35.0	26.0	29.0	30.0	65.0	55.0	47.0	55.0	65.0	65.0
24	35.0	35.0	30.0	35.0	65.0	55.0	47.0	55.0	65.0	65.0
1915.										
Jan. 2	40.0	40.0	35.0	35.0	60.0	55.0	47.0	50.0	65.0	65.0
9	40.0	40.0	40.0	40.0	65.0	60.0	52.5	55.0	70.0	70.0
16	40.0	40.0	40.0	40.0	70.0	60.0	100.0	55.0	70.0	70.0
23	40.0	40.0	40.0	40.0	70.0	60.0	101.0	55.0	70.0	70.0
30	40.0	40.0	40.0	40.0	70.0	60.0	75.0	55.0	75.0	75.0
Feb. 6	40.0	40.0	40.0	40.0	70.0	60.0	75.0	55.0	75.0	75.0
13	40.0	40.0	40.0	40.0	75.0	70.0	75.0	55.0	75.0	75.0
20	40.0	40.0	40.0	40.0	75.0	70.0	75.0	55.0	75.0	75.0
27	40.0	40.0	40.0	40.0	75.0	70.0	75.0	55.0	75.0	75.0
Mar. 6	40.0	40.0	40.0	40.0	75.0	70.0	63.0	60.0	75.0	75.0
13	40.0	40.0	40.0	40.0	85.0	70.0	63.0	65.0	75.0	75.0
20	40.0	40.0	40.0	40.0	75.0	80.0	75.0	75.0	75.0	75.0
27	40.0	40.0	40.0	40.0	75.0	80.0	63.0	60.0	75.0	75.0
Apr. 3	45.0	45.0	45.0	45.0	75.0	80.0	63.0	60.0	75.0	75.0
10	45.0	45.0	45.0	45.0	75.0	80.0	63.0	60.0	75.0	75.0
17	45.0	45.0	40.0	45.0	75.0	80.0	58.0	55.0	75.0	75.0
24	45.0	40.0	40.0	45.0	75.0	80.0	58.0	50.0	75.0	75.0
May 1	45.0	40.0	45.0	45.0	75.0	80.0	58.0	50.0	75.0	75.0
8	45.0	40.0	45.0	45.0	75.0	80.0	58.0	50.0	75.0	75.0
15	50.0	50.0	45.0	45.0	60.0	75.0	58.0	50.0	75.0	75.0
22	45.0	40.0		45.0	60.0	65.0	58.0	50.0	75.0	75.0
29	50.0	45.0	50.0	45.0	60.0	65.0	58.0	45.0	75.0	75.0
June 5	50.0	45.0	50.0	45.0	60.0	65.0	50.0	42.0	75.0	75.0
12	50.0	45.0	50.0	45.0	55.0	65.0	50.0	42.0	75.0	75.0
19	45.0	45.0	50.0	45.0	55.0	50.0	50.0	42.0	75.0	75.0
26	45.0	45.0	50.0	45.0	55.0	50.0	50.0	45.0	75.0	75.0
July 2	45.0	40.0	50.0	45.0	50.0	50.0	50.0	45.0	75.0	75.0
10	45.0	40.0	50.0	45.0	50.0	50.0	50.0	45.0	75.0	75.0
17	45.0	40.0	50.0	45.0	50.0	50.0	50.0	45.0	75.0	75.0
24	45.0	45.0	50.0	45.0	50.0	50.0	55.0	45.0	60.0	60.0
31	45.0	45.0	50.0	45.0	50.0	50.0	55.0	45.0	60.0	60.0
Aug. 7	45.0	45.0	50.0	45.0	50.0	50.0	55.0	45.0	60.0	60.0
14	45.0	45.0	50.0	45.0	60.0	50.0	65.0	50.0	65.0	65.0
21	50.0	45.0	55.0	50.0	70.0	60.0	65.0	55.0	65.0	65.0
28	60.0	45.0	55.0	50.0	70.0	60.0	65.0	60.0	65.0	65.0
Sept. 4	50.0	45.0	55.0	55.0	70.0	60.0	65.0	65.0	65.0	65.0
11	50.0	45.0	55.0	55.0	70.0	60.0	65.0	65.0	65.0	65.0
18	50.0	45.0	55.0	55.0	70.0	60.0	65.0	65.0	65.0	65.0
25	60.0	55.0	60.0	60.0	70.0	60.0	70.0	65.0	70.0	70.0
Oct. 2	65.0	65.0	65.0	65.0	75.0	65.0	80.0	70.0	75.0	75.0
9	70.0	65.0	70.0	70.0	75.0	70.0	90.0	70.0	80.0	80.0
16	70.0	65.0	70.0	70.0	75.0	70.0	90.0	80.0	80.0	80.0
23	75.0	70.0	70.0	70.0	75.0	70.0	90.0	80.0	80.0	80.0
30	75.0	70.0	70.0	70.0	75.0	70.0	100.0	80.0	80.0	80.0
Nov. 5	75.0	70.0	75.0	75.0	80.0	70.0	100.0	90.0	80.0	80.0
13	75.0	75.0	75.0	75.0	80.0	70.0	100.0	90.0	80.0	80.0
20	80.0	75.0	75.0	75.0	85.0	90.0	100.0	100.0	80.0	80.0
27	80.0	75.0	75.0	75.0	85.0	90.0	100.0	100.0	80.0	80.0

¹ Owing to conditions abroad, no rates are quoted on freight of any kind to any European ports.

Ocean freight rates from New York to European ports—Continued.

SACK FLOUR, PER 100 POUNDS—Continued.

Date.	British ports.				Danish port, Copen- hagen.	Dutch port, Rotter- dam.	French ports.		Italian ports.	
	London.	Liver- pool.	Glas- gow.	Hull.			Havre.	Mar- seille.	Genoa.	Naples.
1915.	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
c. 4	80.0	75.0	75.0	75.0	100.0	100.0	100.0	100.0	100.0	100.0
11	80.0	75.0	75.0	75.0	100.0	100.0	110.0	120.0	110.0	110.0
18	80.0	80.0	75.0	75.0	100.0	100.0	110.0	120.0	110.0	110.0
24	90.0	80.0	75.0	75.0	110.0	100.0	110.0	120.0	110.0	110.0
31	90.0	85.0	80.0	80.0	110.0	100.0	120.0	120.0	120.0	120.0
1916.										
n. 8	90.0	85.0	81.0	80.0	110.0	100.0	120.0	120.0	120.0	120.0
15	90.0	85.0	81.0	80.0	110.0	100.0	125.0	125.0	125.0	125.0
22	90.0	90.0	85.0	90.0	115.0	110.0	135.0	135.0	135.0	135.0
29	90.0	90.0	90.0	90.0	115.0	110.0	135.0	135.0	150.0	150.0
b. 5	90.0	90.0	90.0	100.0	115.0	110.0	135.0	135.0	150.0	150.0
11	90.0	90.0	90.0	100.0	115.0	110.0	135.0	135.0	150.0	150.0
19	100.0	90.0	90.0	100.0	125.0	140.0	150.0	150.0	200.0	200.0
26	100.0	90.0	95.0	100.0	125.0	140.0	150.0	150.0	175.0	175.0
ar. 4	100.0	100.0	95.0	100.0	125.0	140.0	150.0	150.0	175.0	175.0
11	100.0	100.0	100.0	100.0	140.0	140.0	150.0	150.0	175.0	175.0

PROVISIONS, PER 100 POUNDS.

1914.										
n. 3	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
10	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
17	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
24	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
31	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
eb. 7	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
14	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
21	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
28	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
ar. 7	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
14	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
21	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
28	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
pr. 4	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
11	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
18	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
25	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
ay 2	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
9	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
16	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
23	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
29	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
une 6	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
13	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
20	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
27	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
ily 3	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
11	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
18	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
25	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
ag. 1	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
8										
15										
22										
29										
pt. 5	24.4	21.7	24.4	21.7	33.9	28.0	30.0	32.6	32.6	32.6
12	32.6	32.6	35.3	32.6	50.2	38.0	40.0		43.5	43.5
19	32.6	32.6	35.3	32.6	50.2	38.0	40.0	38.0	43.5	43.5
26	32.6	32.6	35.3	32.6	50.2	38.0	40.0	38.0	43.5	43.5
st. 3	32.6	32.6	35.3	32.6	50.2	38.0	40.0	38.0	43.5	43.5
10	32.6	32.6	35.3	32.6	50.2	38.0	40.0	38.0	43.5	43.5
17	32.6	32.6	35.3	32.6	50.2	38.0	40.0	38.0	43.5	43.5
24	32.6	32.6	35.3	32.6	50.2	38.0	40.0	38.0	43.5	43.5
31	32.6	32.6	35.3	32.6	50.2	38.0	40.0	38.0	43.5	43.5
ov. 7	32.6	32.6	35.3	32.6	50.2	38.0	40.0	38.0	43.5	43.5
14	32.6	32.6	35.3	32.6	50.2	38.0	40.0	38.0	43.5	43.5
21	32.6	32.6	35.3	32.6	50.2	38.0	40.0	43.5	54.3	54.3
28	32.6	32.6	35.3	32.6	50.2	38.0	40.0	43.5	54.3	54.3
oc. 5	32.6	32.6	35.3	32.6	50.2	38.0	40.0	43.5	54.3	54.3
12	32.6	32.6	38.0	32.6	50.2	38.0	50.0	65.2	65.2	65.2
19	32.6	32.6	38.0	32.6	50.2	38.0	50.0	65.2	65.2	65.2
24	38.0	38.0	40.7	38.0	108.6	50.0	50.0	70.6	86.9	86.9

Owing to conditions abroad, no rates are quoted on freight of any kind to any European ports.

782 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Ocean freight rates from New York to European ports—Continued.

PROVISIONS, PER 100 POUNDS—Continued.

Date.	British ports.				Danish port, Copen- hagen.	Dutch port, Rotter- dam.	French ports.		Italian ports.	
	London.	Liver- pool.	Glas- gow.	Hull.			Havre.	Mar- seille.	Genoa.	Naples.
1915.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
Jan. 2	38.0	38.0	40.7	38.0	108.6	60.0	60.0	70.6	108.6	108.6
9	38.0	38.0	40.7	38.0	108.6	60.0	60.0	70.6	108.6	108.6
16	38.0	38.0	40.7	38.0	108.6	60.0	60.0	70.6	108.6	108.6
23	38.0	38.0	43.5	43.5	162.9	75.0	85.0	70.6	108.6	108.6
30	38.0	38.0	43.5	43.5	162.9	75.0	85.0	81.5	108.6	108.6
Feb. 6	48.9	48.9	48.9	43.5	162.9	125.0	85.0	81.5	108.6	108.6
13	48.9	48.9	48.9	43.5	162.9	125.0	125.0	81.5	108.6	108.6
20	48.9	54.3	48.9	43.5	162.9	125.0	125.0	81.5	108.6	108.6
27	65.2	65.2	48.9	43.5	162.9	125.0	125.0	81.5	108.6	108.6
Mar. 6	65.2	65.2	43.5	43.5	162.9	125.0	125.0	31.5	108.6	108.6
13	65.2	65.2	54.3	54.3	162.9	150.0	125.0	81.5	108.6	108.6
20	65.2	65.2	65.2	65.2	165.5	175.0	125.0	96.9	108.6	108.6
27	65.2	65.2	65.2	65.2	165.5	175.0	125.0	108.6	108.6	108.6
Apr. 3	65.2	65.2	65.2	65.2	165.5	175.0	125.0	108.6	108.6	108.6
10	65.2	65.2	65.2	65.2	165.5	175.0	125.0	108.6	108.6	108.6
17	65.2	65.2	65.2	65.2	165.5	175.0	125.0	108.6	108.6	108.6
24	65.2	65.2	65.2	65.2	165.5	175.0	125.0	108.6	108.6	108.6
May 1	65.2	65.2	65.2	65.2	165.5	175.0	125.0	108.6	108.6	108.6
8	65.2	65.2	65.2	65.2	165.5	175.0	125.0	108.6	108.6	108.6
15	65.2	65.2	65.2	65.2	165.5	175.0	125.0	108.6	108.6	108.6
22	65.2	65.2	65.2	65.2	135.8	100.0	125.0	108.6	108.6	108.6
29	65.2	65.2	65.2	65.2	135.8	100.0	125.0	108.6	108.6	108.6
June 5	65.2	65.2	65.2	65.2	135.8	100.0	125.0	108.6	108.6	108.6
12	65.2	65.2	65.2	65.2	135.8	100.0	125.0	108.6	108.6	108.6
19	65.2	65.2	65.2	65.2	135.8	100.0	125.0	108.6	108.6	108.6
26	65.2	65.2	65.2	65.2	135.8	100.0	125.0	108.6	108.6	108.6
July 2	65.2	65.2	65.2	65.2	135.8	100.0	125.0	108.6	108.6	108.6
9	65.2	65.2	65.2	65.2	135.8	100.0	125.0	108.6	108.6	108.6
16	65.2	65.2	65.2	65.2	135.8	100.0	125.0	108.6	108.6	108.6
23	65.2	65.2	65.2	65.2	135.8	100.0	125.0	108.6	108.6	108.6
30	65.2	65.2	65.2	65.2	135.8	100.0	125.0	108.6	108.6	108.6
Aug. 6	65.2	65.2	65.2	65.2	124.9	80.0	125.0	108.6	108.6	108.6
13	65.2	65.2	65.2	65.2	124.9	80.0	125.0	108.6	108.6	108.6
20	65.2	65.2	65.2	65.2	124.9	80.0	125.0	108.6	108.6	108.6
27	65.2	65.2	65.2	65.2	124.9	80.0	125.0	108.6	108.6	108.6
Sept. 3	65.2	65.2	65.2	65.2	150.0	110.0	125.0	89.3	108.6	108.6
10	68.0	68.0	68.0	68.0	158.0	125.0	125.0	89.3	108.6	108.6
17	68.0	68.0	68.0	68.0	158.0	125.0	125.0	89.3	108.6	108.6
24	68.0	68.0	68.0	68.0	158.0	125.0	125.0	89.3	108.6	108.6
Oct. 1	90.0	100.0	80.0	80.0	150.0	125.0	125.0	89.3	112.5	112.5
8	90.0	90.0	80.0	80.0	150.0	125.0	125.0	89.3	112.5	112.5
15	90.0	90.0	80.0	80.0	175.0	125.0	125.0	111.6	112.5	112.5
22	90.0	90.0	80.0	80.0	175.0	125.0	125.0	111.6	112.5	112.5
29	90.0	90.0	80.0	80.0	175.0	125.0	125.0	111.6	112.5	112.5
Nov. 5	90.0	90.0	80.0	80.0	190.0	125.0	125.0	133.9	112.5	112.5
12	90.0	90.0	80.0	80.0	190.0	125.0	125.0	133.9	112.5	112.5
19	90.0	90.0	80.0	80.0	190.0	125.0	125.0	133.9	112.5	112.5
26	90.0	90.0	80.0	80.0	190.0	125.0	125.0	133.9	112.5	112.5
Dec. 3	90.0	90.0	80.0	80.0	190.0	125.0	125.0	133.9	112.5	112.5
10	90.0	90.0	80.0	80.0	190.0	125.0	125.0	133.9	112.5	112.5
17	90.0	90.0	80.0	80.0	190.0	125.0	125.0	133.9	112.5	112.5
24	90.0	90.0	80.0	80.0	190.0	125.0	125.0	133.9	112.5	112.5
31	100.0	100.0	100.0	90.0	200.0	175.0	125.0	156.3	125.0	125.0
1916.										
Jan. 8	125.0	125.0	125.0	125.0	225.0	175.0	200.0	200.0	150.0	150.0
15	125.0	125.0	125.0	125.0	225.0	175.0	200.0	200.0	150.0	150.0
22	125.0	125.0	125.0	125.0	225.0	175.0	200.0	200.0	150.0	150.0
29	125.0	125.0	125.0	125.0	225.0	175.0	200.0	200.0	150.0	150.0
Feb. 5	125.0	125.0	125.0	125.0	225.0	175.0	200.0	200.0	150.0	150.0
12	125.0	125.0	125.0	125.0	225.0	175.0	200.0	250.0	175.0	175.0
19	125.0	125.0	125.0	125.0	225.0	175.0	200.0	250.0	175.0	175.0
26	125.0	125.0	125.0	125.0	225.0	175.0	200.0	250.0	175.0	175.0
Mar. 4	125.0	125.0	125.0	125.0	225.0	175.0	200.0	250.0	175.0	175.0
11	125.0	125.0	125.0	125.0	225.0	175.0	200.0	250.0	175.0	175.0

Ocean freight rates from New York to European ports—Continued.

COTTON, COMPRESSED, PER 100 POUNDS.

[illegible]

to conditions abroad, no rates are quoted on freight of any kind to any European ports.

784 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Ocean freight rates from New York to European ports—Continued.

COTTON, COMPRESSED, PER 100 POUNDS—Continued.

Date.	British port, Liver- pool.	Danish port, Copen- hagen.	Dutch port, Rotter- dam.	French port, Havre.	Italian ports.	
					Genoa.	Naples.
1915.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
May 15.....	200.0	250.0	250.0	300.0	150.0	100.0
May 22.....	125.0	200.0	200.0	150.0	125.0	225.0
May 29.....	125.0	200.0	200.0	150.0	125.0	225.0
June 5.....	125.0	200.0	200.0	150.0	125.0	225.0
June 12.....	125.0	200.0	200.0	150.0	125.0	225.0
June 19.....	100.0	200.0	200.0	150.0	125.0	125.0
June 26.....	100.0	200.0	200.0	150.0	125.0	125.0
July 2.....	100.0	200.0	130.0	125.0	100.0	100.0
July 10.....	100.0	200.0	130.0	125.0	100.0	100.0
July 17.....	100.0	200.0	130.0	125.0	100.0	100.0
July 24.....	100.0	200.0	130.0	125.0	100.0	100.0
July 31.....	100.0	200.0	130.0	125.0	100.0	100.0
Aug. 7.....	100.0	200.0	130.0	150.0	125.0	100.0
Aug. 14.....	100.0	200.0	130.0	150.0	125.0	100.0
Aug. 21.....	100.0	200.0	150.0	150.0	135.0	100.0
Aug. 28.....	100.0	200.0	150.0	150.0	135.0	100.0
Sept. 4.....	125.0	200.0	160.0	150.0	135.0	100.0
Sept. 11.....	125.0	200.0	160.0	150.0	135.0	100.0
Sept. 18.....	125.0	200.0	160.0	150.0	135.0	100.0
Sept. 25.....	125.0	200.0	160.0	150.0	135.0	100.0
Oct. 2.....	125.0	200.0	160.0	150.0	135.0	100.0
Oct. 9.....	125.0	200.0	160.0	150.0	135.0	100.0
Oct. 16.....	125.0	200.0	160.0	150.0	135.0	100.0
Oct. 23.....	125.0	200.0	160.0	150.0	135.0	100.0
Oct. 30.....	125.0	200.0	160.0	150.0	135.0	100.0
Nov. 5.....	125.0	200.0	160.0	150.0	135.0	100.0
Nov. 12.....	125.0	200.0	160.0	150.0	135.0	100.0
Nov. 20.....	125.0	225.0	225.0	150.0	135.0	100.0
Nov. 27.....	125.0	225.0	225.0	150.0	135.0	100.0
Dec. 4.....	150.0	225.0	225.0	150.0	135.0	100.0
Dec. 11.....	150.0	225.0	225.0	150.0	135.0	100.0
Dec. 18.....	150.0	225.0	225.0	150.0	135.0	100.0
Dec. 24.....	200.0	225.0	225.0	150.0	135.0	100.0
Dec. 31.....	225.0	275.0	250.0	150.0	135.0	100.0
1916.						
Jan. 8.....	225.0	275.0	250.0	150.0	135.0	100.0
Jan. 15.....	250.0	275.0	250.0	300.0	135.0	100.0
Jan. 22.....	250.0	275.0	250.0	300.0	135.0	100.0
Jan. 29.....	250.0	275.0	250.0	300.0	135.0	100.0
Feb. 5.....	250.0	275.0	250.0	300.0	135.0	100.0
Feb. 11.....	250.0	275.0	250.0	300.0	135.0	100.0
Feb. 19.....	250.0	275.0	250.0	300.0	135.0	100.0
Feb. 26.....	250.0	275.0	250.0	300.0	135.0	100.0
Mar. 4.....	275.0	300.0	300.0	300.0	135.0	100.0
Mar. 11.....	275.0	300.0	300.0	300.0	135.0	100.0

MEASUREMENT GOODS, PER TON OR 40 CUBIC FEET.

Date.	British ports.				Danish port, Copen- hagen.	Dutch port, Rotter- dam.	French ports.		Italian ports.	
	London.	Liver- pool.	Glas- gow.	Hull.			Havre.	Marseilles.	Genoa.	Naples.
1914.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
Jan. 3	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
10	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
17	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
24	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
31	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
Feb. 7	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
14	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
21	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
28	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
Mar. 7	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
14	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
21	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
28	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
Apr. 11	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
18	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08
25	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.85	6.08	4.08

Ocean freight rates from New York to European ports—Continued.

MEASUREMENT GOODS, PER TON OR 40 CUBIC FEET—Continued.

Date.	British ports.				Danish port, Copenhagen.	Dutch port, Rotterdam.	French ports.		Italian ports.	
	London.	Liverpool.	Glasgow.	Hull.			Havre.	Marseille.	Genoa.	Naples.
1914.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
ay 2	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
9	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
16	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
23	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
29	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
me 6	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
13	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
20	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
27	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
ly 3	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
11	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
18	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
25	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
18										
115										
122										
129										
pt. 5	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
12	4.25	4.25	4.25	3.65	5.17	4.00	5.00	4.86	6.08	6.08
19	4.86	4.86	6.08	4.86	11.25	6.00	6.00	8.51	9.73	9.73
26	4.86	4.86	6.08	4.86	11.25	6.00	6.00	8.51	9.73	9.73
st. 3	4.86	4.86	6.08	4.86	11.25	6.00	6.00	8.51	9.73	9.73
10	4.86	4.86	6.08	4.86	11.25	6.00	6.00	8.51	9.73	9.73
17	4.86	4.86	6.08	4.86	11.25	6.00	6.00	8.51	9.73	9.73
24	4.86	4.86	6.08	4.86	11.25	6.00	6.00	8.51	9.73	9.73
31	4.86	4.86	6.08	4.86	11.25	6.00	6.00	8.51	9.73	9.73
ov. 7	4.86	4.86	6.08	4.86	11.25	6.00	6.00	8.51	9.73	9.73
14	4.86	4.86	6.08	4.86	11.25	6.00	6.00	8.51	9.73	9.73
21	4.86	4.86	6.08	4.86	11.25	6.00	10.00	8.51	9.73	9.73
28	4.86	4.86	6.08	4.86	11.25	6.00	10.00	8.51	9.73	9.73
oc. 5	4.86	4.86	6.08	4.86	11.25	6.00	10.00	8.51	9.73	9.73
12	7.30	7.30	8.51	6.08	14.60	6.00	10.00	12.17	12.17	12.17
19	7.30	7.30	8.51	6.08	14.60	6.00	10.00	12.17	12.17	12.17
24	7.30	7.30	8.51	6.08	14.60	8.00	12.00	12.17	17.08	17.08
1915.										
n. 2	7.30	7.30	8.57	6.08	14.60	8.00	12.00	12.17	24.33	24.33
9	7.30	7.30	8.51	6.08	14.60	8.00	12.00	12.17	24.33	24.33
16	7.30	7.30	8.51	6.08	17.03	8.00	12.00	12.17	24.33	24.33
23	9.73	9.73	8.51	6.08	17.03	12.00	20.00	15.81	24.33	24.33
30	9.73	9.73	8.51	6.08	17.03	12.00	20.00	18.24	24.33	24.33
ab. 6	9.73	9.73	8.51	6.08	17.03	12.00	20.00	18.24	24.33	24.33
13	9.73	9.73	8.51	6.08	17.03	12.00	20.00	18.24	24.33	24.33
20	9.73	9.73	8.51	6.08	17.03	12.00	20.00	18.24	24.33	24.33
27	9.73	9.73	8.51	6.08	17.03	12.00	20.00	18.24	24.33	24.33
ar. 6	9.73	9.73	8.51	6.08	17.03	12.00	20.00	18.24	24.33	24.33
13	9.73	9.73	9.73	6.08	19.47	12.00	20.00	18.24	24.33	24.33
20	24.33	24.33	9.73	9.73	19.47	12.00	25.00	19.47	24.33	24.33
27	24.33	24.33	9.73	9.73	19.47	12.00	25.00	19.47	24.33	24.33
pr. 3	24.33	24.33	9.73	9.73	19.47	12.00	25.00	19.47	24.33	24.33
10	24.33	24.33	9.73	9.73	19.47	12.00	25.00	19.47	24.33	24.33
17	24.33	24.33	9.73	9.73	19.47	12.00	25.00	19.47	24.33	24.33
24	24.33	24.33	9.73	9.73	19.47	12.00	25.00	19.47	24.33	24.33
ay 1	24.33	24.33	9.73	9.73	19.47	12.00	25.00	19.47	24.33	24.33
8	24.33	24.33	9.73	9.73	19.47	12.00	25.00	19.47	19.47	24.33
15	24.33	24.33	9.73	9.73	19.47	12.00	25.00	19.47	19.47	19.47
22	14.60	24.33		12.17	19.47	16.00	20.00	18.24	19.47	19.47
29	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
me 5	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
12	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
19	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
26	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
ily 2	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
10	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
17	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
24	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
31	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
ug. 7	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
14	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
21	14.60	14.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
28	14.60	11.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
pt. 4	14.60	11.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
11	14.60	11.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
18	14.60	11.60		12.17	19.47	16.00	20.00	18.24	19.47	19.47
25	12.80	12.80		12.80	20.00	18.00	20.00	18.24	19.47	19.47

Owing to conditions above

on freight of any kind to any European

Ocean freight rates from New York to European ports—Continued.

MEASUREMENT GOODS, PER TON OR 40 CUBIC FEET—Continued.

Date.	British ports.				Danish port, Copen- hagen.	Dutch port, Rotter- dam.	French ports.		Italian ports.	
	London.	Liver- pool.	Glas- gow.	Hull.			Havre.	Mar- seille.	Genoa.	Naples.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
1915.										
Oct. 2	12.80	12.80	.....	12.80	20.00	18.00	20.00	20.00	20.00	20.00
9	15.20	15.20	.....	15.20	20.00	18.00	20.00	20.00	20.00	20.00
16	15.20	15.20	.....	15.20	20.00	18.00	25.00	25.00	20.00	20.00
23	15.20	18.80	.....	15.20	20.00	18.00	25.00	25.00	20.00	20.00
30	15.20	18.80	.....	15.20	20.00	18.00	25.00	25.00	20.00	20.00
Nov. 5	15.20	18.80	.....	15.20	20.00	18.00	25.00	25.00	20.00	20.00
13	15.20	18.80	.....	15.20	20.00	18.00	25.00	25.00	20.00	20.00
20	15.20	18.80	.....	15.20	20.00	18.00	25.00	25.00	20.00	20.00
27	15.20	18.80	.....	15.20	20.00	18.00	25.00	25.00	20.00	20.00
Dec. 4	15.20	18.80	.....	15.20	20.00	18.00	25.00	25.00	20.00	20.00
11	15.20	18.80	.....	15.20	20.00	18.00	25.00	25.00	20.00	20.00
18	15.20	18.80	.....	15.20	20.00	18.00	25.00	25.00	20.00	20.00
24	15.20	18.80	.....	15.20	20.00	18.00	25.00	25.00	20.00	20.00
31	25.20	25.20	.....	18.80	20.00	13.00	25.00	35.00	20.00	20.00
1916										
Jan. 8	25.20	25.20	.....	18.80	20.00	18.00	25.00	35.00	20.00	20.00
15	25.20	25.20	.....	18.80	20.00	18.00	25.00	35.00	20.00	20.00
22	25.20	25.20	.....	18.80	20.00	18.00	25.00	35.00	20.00	20.00
29	25.20	25.20	.....	18.80	20.00	18.00	25.00	40.00	20.00	20.00
Feb. 5	25.20	25.20	.....	18.80	20.00	18.00	25.00	40.00	20.00	20.00
11	25.20	25.20	.....	18.80	25.20	20.00	25.00	50.00	30.00	30.00
19	25.20	25.20	.....	18.80	25.20	20.00	25.00	50.00	30.00	30.00
26	25.20	25.20	.....	18.80	25.20	20.00	25.00	50.00	30.00	30.00
Mar. 4	25.20	25.20	.....	18.80	30.00	20.00	35.00	50.00	30.00	30.00
11	25.20	25.20	.....	18.80	30.00	20.00	35.00	50.00	30.00	30.00

CHARTER RATES.

An excellent account of the course of charter rates from American to European ports during the past two years is contained in the following extract from the New York Journal of Commerce of March 4, 1916:

CHARTER RATES STILL ADVANCING—FULL CARGO QUOTATIONS HAVE MADE HIGH RECORDS.

GRAIN FIXTURES ON PRINCIPAL ROUTES HAVE INCREASED FROM EIGHT TO TWELVE TIMES OVER THE NORMAL—OTHER MARKETS HAVE HAD SIMILAR EXPERIENCE—LAW OF SUPPLY AND DEMAND WORKING RIGIDLY—NEUTRAL OWNERS ENJOYING FULL ADVANTAGE WITH THEIR AVAILABLE "FREE" TONNAGE.

Steamer chartering activities in the American markets being restricted solely because of the acute scarcity of ocean tonnage, sail tonnage likewise limited, rates strong and continuing on an upward basis with freight offering freely, exporters have been keenly interested in the progress of charter rates during the past 18 months.

An investigation into the course of the rates prevailing in the local steamer chartering market for the past year and a half, taking representative grain charters between the principal ports of traffic as the index shows that charter rates on steamers are now at levels ranging all the way from eight to twelve times what they were in June, 1914, two months before the war broke out.

RATES DEPENDING ON WHAT IS ASKED.

Quotations on grain fixtures for the past six months or more have been so changeable, new rates being stated on practically each steamer that has been fixed, as to make it practically impossible to say just what the current market rate is. Charters have been fixed recently at rates which depended mainly on what the agents or owners asked for their individual steamers.

Few "free" steamers have been available for grain cargoes out of this and other North Atlantic ports in recent months. It is estimated that approximately 80 per cent of the tonnage engaged in grain-carrying trips out of North Atlantic ports are working under requisition orders of the British, French, or other European Governments.

Portland (Me.) and Boston during the past three months have seldom had less than six or eight requisitioned steamers loading grain at docks within their harbors. Most of these vessels have been taking out the Canadian grain which was requisitioned some time ago, the Montreal season having closed, shipments being forwarded from Canada by rail to the American ports.

RATES QUADRUPLED IN TEN MONTHS OF WAR.

Two months before the war in Europe began (June, 1914), steamers were being fixed in the local market for full cargoes of grain between the so-called northern range ports of the Atlantic coast and United Kingdom ports at rates generally in the neighborhood of 2 shillings 3 pence per quarter of 8 bushels. To the French Atlantic ports the rate was then about 2 shilling 9 pence; to French Mediterranean ports, about 2 shillings 10 pence; to west Italy ports, the same. From Gulf ports to the United Kingdom grain cargoes were being sent forward freely for 2 shillings 3 pence, while to Mediterranean ports from the Gulf, rates ranged anywhere from 2 shillings 10½ pence to 3 shillings 3 pence.

One year after June, 1914, or 10 months after the war started, the full cargo grain-charter rates on steamers from North Atlantic ports of the United States had practically quadrupled, reaching the level of 8 shillings 1½ pence (in June, 1915), and all the other ports realized similar advances. The greatest proportionate advance, however, ensued with the months following the summer of 1915, continuing as the shortage of steamers became more pronounced.

In January this year full cargo grain-steamer charter rates were at the level of about 15 shillings 3 pence per quarter of 8 bushels, between North Atlantic ports and the United Kingdom; to French Atlantic ports they had advanced from 9 shillings 6 pence in June, 1915, to the level of 16 shillings, and from Gulf ports to Marseilles they had climbed from 10 shillings to 24 shillings.

LAW OF SUPPLY AND DEMAND WORKING RIGIDLY.

Despite the fact that the grain-charter rates had doubled within the space of seven months from the summer to the close of 1915, there has been no indication as yet that they have reached the top mark. With the British Government enforcing a license system for each voyage of all British ships in an effort to overcome the shortage in the freight space for the carriage of foodstuffs, and practically every other one of the allied Governments in Europe enforcing similar restrictions on their merchant steamers, the shortage of tonnage for private charters has lately become a matter of serious consideration by shippers generally.

The law of supply and demand is working rigidly in the charter market these days, both agents and owners of available "free" tonnage for grain and other cargoes asking rates in full realization of the fact. From the beginning of this year down to the last few days, full cargo grain-charter rates on steamers for voyages between North Atlantic ports and the United Kingdom have further advanced from 15 shillings 3 pence to 17 shillings 9 pence; from northern range ports to the French Atlantic they have increased from 16 shillings to 19 shillings 3 pence; northern range to Marseilles from 23 to 24 shillings, with relative advances in the rates out of Gulf ports to the United Kingdom and the Mediterranean.

How full cargo grain-charter rates for steamers have steadily advanced as the shortage of tonnage caused by the war has grown more and more acute and the comparative rates which prevailed two months before hostilities commenced may be seen in the following table:

How grain charter rates have increased since the outbreak of the war.

[Full cargo, steamers, per quarter of 8 bushels.]

	June, 1914.	June, 1915.	January, 1916.	March, 1916.
	s. d.	s. d.	s. d.	s. d.
North Atlantic to United Kingdom.....	2 3	8 1½	15 3	17 9
North Atlantic to French Atlantic.....	2 9	9 6	16 0	19 3
North Atlantic to Marseille.....	2 10	8 1	23 0	24 0
North Atlantic to west Italy.....	2 10	8 2	22 6	24 6
Gulf ports to United Kingdom.....	2 3	9 0	16 3	19 6
Montreal to Mediterranean.....	2 9	8 2	22 2	.....
Gulf ports to Mar-eille.....	3 3	10 0	24 0	25 6
Gulf ports to Mediterranean.....	2 10½	8 4	22 6	.....

788 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

While the table given above reflects only the advances which have taken place in the steamer charter rates for full cargoes of grain, shipping men regard the grain charters as the best index of the progress of charter rates. An examination of the petroleum, deals, and timber, as well as the miscellaneous full-cargo freight charters in the same periods of time, also shows that conditions in the other chartering activities were not far different.

NEUTRALS ENJOYING HIGHEST RATES EVER KNOWN.

A fact of striking interest at the present time is the strong advantage which neutral shipowners have been enjoying to the fullest degree for the past ten months or so. This has been especially true in the full-cargo charter markets. While their British, French, Italian, and Russian competitors have been compelled to operate under Government orders at rates strictly fixed by those Governments, the neutral owners have been able to go into the market with their "free" tonnage and ask and receive the highest charter rates ever known.

Neutral ships having the freedom of the seas, exempt from the disability under which the British tonnage is operating with a tax of 50 per cent of their earnings, their owners have been and are reaping a golden harvest from the present exceptional values which their steamers command in ocean traffic. A fair example of the advantage which neutrals are enjoying is given in the fact that while British Government shipbrokers have been offering 137 shillings 6 pence for charters between the River Plate and the United Kingdom, neutral owners have fixed their vessels for such voyages with wheat cargoes at rates of 152 shillings 6 pence.

From the northern range ports of the United States the same conditions prevail to the great benefit of the neutral owners. The British Government's shipbrokers have refused to concede over 15 shillings 6 pence for wheat cargo charters to British tonnage on the Bristol Channel voyage, neutrals have been able to get as high as 19 shillings 6 pence. On time-charter basis for 12 months rates of 32 shillings 6 pence have been bid for neutrals, while the British tonnage rate has been restricted to about 25 shillings.

INCREASE IN OCEAN FREIGHT RATES FROM JANUARY 1, 1914, TO JANUARY 1, 1916.

[Report prepared by the Boston district office of the Bureau of Foreign and Domestic Commerce.]

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Boston, February 9, 1916.

We received yesterday afternoon the statement of articles and ports, referred to in your letter of February 2, for which you desire freight rates for a period of time.

We note that you desire the freight rates the first of each quarter on a number of articles from Boston to London, Liverpool, Copenhagen, Havre, Marseilles, Genoa, Naples, Rio de Janeiro, Valparaiso, Callao; also import rates to Boston from Liverpool, Buenos Aires, Rio de Janeiro, Valparaiso, and Callao; also data as to charter rates and other available pertinent facts connected with the shipping situation.

In conducting this investigation I expect to ask the agents of the steamship lines for the rates desired, also to enlist the aid of commercial organizations (like the N. E. Shoe & Leather Association); also to write direct to a large number of individual firms who export and import the articles stated. If there is anything in this procedure that is not in order, kindly let me know promptly.

I have to-day called on a good many men in connection with this matter, and to show the trend of this work I list the main ones as follows:

Mr. John Smith, of Patterson, Wyde & Co., agents for the Barber Line. This line operates chartered ships only and runs from Buenos Aires and Montevideo (not touching at Rio) to Boston, whence the ships go to New York for return cargo. No cargo is accepted at Boston and no rates available for shipping to South America. Mr. Smith promised to compile the rates to Boston from Buenos Aires, but states that he has five ships here now unloading and can not promise this material within a week at the earliest.

Mr. F. H. Ryan, of A. C. Lombard's Sons, 110 State Street, agent for the Houston Line. This company owns its ships and runs from Buenos Aires and Montevideo (not touching at Rio) to Boston and thence to New York for return cargo. As a rule they do not accept any freight at Boston, the only exceptions being at rare intervals when they have much unoccupied space. This procedure is so rare that they can not quote any rates at all to South America. Their rates from the Rio Plata to Boston

are the same as to New York and will have to be obtained from the latter. However, Mr. Ryan promised to write for these.

Mr. F. H. Ryan, of A. C. Lombard's Sons, agents for the Scandinavian-American Line. He promised to furnish the freight rates from Boston to Copenhagen for the articles stated so far as they have been handled by his line.

Mr. Charles C. Stewart, agent of the Cunard Line. Mr. Stewart promises to furnish as early as possible, though this may be a week, the freight rates from Boston to Liverpool and to London. As to the import rates from Liverpool, he is of the opinion that they do not have all of this on record and is not sure if his company will let him furnish what he has. However, he will take the matter under consideration and furnish same if found advisable.

Mr. George E. Dudley, general agent of the Boston & Maine Railroad, furnished their printed cards for the periods stated, showing export freight rates on a number of articles to various European ports. These rates are not firm quotations, but show the ruling market prices at the various dates. The cards are furnished for our use and may be kept.

Mr. L. H. Peters, foreign freight agent of the New York Central & Hudson River and the Boston & Albany Railroads, furnished similar post cards showing freight rates on various articles at various times to European countries. Cards are from his files and have to be returned, so they are being copied here.

The only two lines to Boston from South America are the Barber Line and the Hudson Line, the Norton Line being discontinued to this port. There are therefore no rates to be obtained from Rio de Janeiro, Valparaiso, or Callao to Boston. There is no line from Boston to South America accepting freight at this port, so no freight rates obtainable here to South America. Kindly let us know if you wish us to obtain railroad rates from Boston to New York, as such rates have to be added to the South American ocean rates from New York on goods shipped from here.

There is no line running from Boston to any part of France, and no rates obtainable. The French Government gives a preferential treatment to goods imported in French bottoms, so there are no rates quoted for goods nor any goods for transshipment in England. All goods from this section for France go to New York to be loaded on French boats.

W. A. GRAHAM CLARK,
Commercial Agent.

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Boston, March 10, 1916.

In regard to the ocean freight rate investigation I beg to inclose herewith some material as follows:

(1) Data furnished by Mr. J. M. McLachland of the International Mercantile Marine Co., 84 State Street, Boston, Mass., for the White Star and Leland Lines, as follows:

Freight rates from Boston to London.
Freight rates from Boston to Genoa.
Freight rates from Boston to Naples.
Freight rates from Boston to Liverpool.
Freight rates from Liverpool to Boston.

(2) Data furnished by Mr. Porter, of Furness, Withy & Co., 4 Liberty Square, Boston, Mass., agents for the Warren Line, Furness Line, etc., as follows:

Freight rates from Boston to Liverpool.

(3) Data furnished by Mr. F. H. Ryan, of A. C. Lombard's Sons, 110 State Street, Boston, Mass., agents for the Scandinavian-American Line and for the Houston Line, as follows:

Freight rates from Boston to Copenhagen.
Freight rates from Buenos Aires to Boston.

(4) Data furnished by Mr. L. H. Peters, foreign freight agent of the New York Central and Boston & Albany Railroads, as per postcard circulars they issue regularly, as to freight rates from Boston to various points.

Letters sent out to a hundred or more private firms produced no results, probably because these firms did not wish to divulge their rates or else had not kept a record of same for the dates wanted.

Very truly, yours,

W. A. GRAHAM CLARK,
Commercial Agent.

SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MAR

Ocean freight rates from Boston to British ports.

GRAIN, FLOUR, PROVISIONS, AND APPLES.

[Published by Boston & Maine R. R. Co., Foreign Freight Department.]

Date.	Grain (per bushel).			Sack flour (per 100 pounds).			Provisions (per 100 pounds).			Apples (per bushel).	
	Liver-pool.	Lon-don.	Glas-gow.	Liver-pool.	Lon-don.	Glas-gow.	Liver-pool.	Lon-don.	Glas-gow.	Liver-pool.	Lon-don.
1914.											
n. 9	\$0.046	\$0.051	\$0.051	\$0.14	\$0.15	\$0.17	\$0.217	\$0.217	\$0.244	\$0.000	\$0.00
16	.041	.046	.041	.12	.13	.15	.217	.244	.244	.000	.00
23	.035	.046	.051	.12	.13	.15	.217	.217	.244	.000	.00
30	.035	.041	.051	.12	.13	.15	.217	.217	.244	.000	.00
Feb. 6	.03	.041	.051	.12	.13	.15	.217	.217	.244	.000	.00
13	.03	.041	.051	.12	.13	.15	.217	.217	.244	.000	.00
20	.03	.035	.051	.12	.13	.15	.217	.217	.244	.000	.00
27	.03	.035	.051	.12	.13	.15	.217	.217	.244	.000	.00
Mar. 6	.03	.035	.051	.12	.13	.15	.217	.217	.244	.000	.00
13	.03	.035	.051	.11	.13	.15	.217	.217	.244	.000	.00
20	.03	.035	.051	.11	.12	.15	.217	.217	.244	.000	.00
27	.03	.03	.051	.11	.12	.14	.217	.217	.244	.000	.00
Apr. (1)											
10	.03	.03	.041	.11	.12	.14	.217	.217	.244	.000	.00
17	.03	.03	.041	.11	.12	.14	.217	.217	.244	.000	.00
24	.03	.03	.041	.10	.11	.13	.217	.217	.244	.000	.00
May 1	.03	.03	.03	.10	.11	.13	.217	.217	.244	.000	.00
8	.03	.03	.03	.10	.11	.13	.217	.217	.244	.000	.00
15	.03	.03	.03	.10	.11	.13	.217	.217	.244	.000	.00
22	.03	.03	.03	.10	.11	.13	.217	.217	.244	.000	.00
29	.03	.03	.03	.10	.11	.13	.217	.217	.244	.000	.00
June 5	.03	.03	.03	.10	.11	.13	.217	.217	.244	.000	.00
12	.03	.03	.03	.10	.11	.13	.217	.217	.244	.000	.00
19	.03	.03	.03	.10	.11	.13	.217	.217	.244	.000	.00
26	.035	.035	.03	.10	.13	.13	.217	.217	.244	.000	.00
July 3	.041	.041	.03	.10	.13	.14	.217	.217	.244	.000	.00
10	.046	.051	.03	.12	.13	.14	.217	.217	.244	.000	.00
17	.046	.051	.03	.12	.13	.14	.217	.217	.244	.000	.00
24											
31	.051	.051	.03	.15	.16	.15	.217	.217	.244	.000	.00
Aug. 7											
14											
21											
28	.071	.081	.041	.20	.21	.23	.326	.326	.353	.973	
Sept. 4	.061	.061	.041	.20	.21	.23	.326	.326	.353	.973	
11	.061	.061	.041	.20	.21	.23	.326	.326	.353	.791	
18	.061	.071	.041	.20	.21	.23	.326	.326	.353	.791	
25	.071	.071	.041	.20	.22	.23	.326	.326	.353	.791	
Oct. 2	.071	.081	.041	.21	.22	.24	.326	.326	.353	.791	
9	.071	.081	.041	.21	.22	.24	.326	.326	.353	.791	
16	.071	.081	.041	.21	.22	.24	.326	.326	.353	.791	
23	.071	.081	.041	.21	.22	.24	.326	.326	.353	.791	
30	.081	.101	.061	.21	.22	.24	.326	.326	.353	.791	
Nov. 6	.111	.132	.061	.24	.25	.27	.326	.326	.353	.791	
13	.122	.132	.122	.24	.25	.27	.326	.326	.353	.791	
20	.132	.142	.122	.24	.25	.27	.326	.326	.353	.791	
27	.132	.142	.122	.26	.27	.27	.326	.326	.353	.791	
Dec. 4	.132	.142	.122	.26	.27	.29	.326	.326	.353	.791	
11	.132	.152	.122	.26	.27	.29	.326	.326	.353	.791	
18	.152	.172	.142	.26	.35	.31	.326	.326	.407	.791	
24	.162	.172	.142	.40	.40	.31	.38	.38	.407	.791	
1915.											
Jan. 1	.162	.172	.152	.40	.40	.35	.38	.38	.407	.79	
8	.172	.182	.178	.40	.40	.40	.38	.38	.407	.79	
15	.203		.183	.40		.40	.38		.407	.79	
22	.203		.203	.40		.40	.38		.435	.79	
29	.203		.203	.40		.40	.38		.435	.79	
Feb. 5	.203		.203	.40		.40	.489		.499	.79	
12	.223		.203	.40		.40	.489		.499	.79	
19	.243		.203	.40		.40	.543		.516	.79	
26	.243		.203	.40		.40	.652		.543	.79	
Mar. 5	.243		.223	.40		.40	.652		.652	.79	
12	.264		.223	.45		.40	.652		.652	.79	
19	.264		.223	.50		.40	.652		.652	.79	
26	.264		.223	.40		.40	.652		.652	.79	
Apr. 2	.264	.264	.223	.40	.50	.40	.652	.652	.652	.79	
9	.243	.243	.223	.40	.50	.40	.652	.652	.652	.79	
16	.243	.223	.223	.40	.45	.45	.652	.652	.652	.79	
23	.243	.223	.223	.40	.45	.45	.652	.652	.652	.79	
30	.223	.223	.223	.40	.45	.40	.652	.652	.652	.79	

¹ No data available.

² No quotations on account of

Ocean freight rates from Boston to British ports—Continued.

GRAIN, FLOUR, PROVISIONS, AND APPLES—Continued.

Date.	Grain (per bushel).			Sack flour (per 100 pounds).			Provisions (per 100 pounds).			Apples (per barrel).		
	Liver-pool.	Lon-don.	Glas-gow.	Liver-pool.	Lon-don.	Glas-gow.	Liver-pool.	Lon-don.	Glas-gow.	Liver-pool.	Lon-don.	Glas-gow.
1915.												
May 7	\$0.223	\$0.223	\$0.223	\$0.40	\$0.45	\$0.46	\$0.652	\$0.652	\$0.652	\$1.217	\$1.034	\$0.973
14	.223	.223	.223	.45	.50	.46	.652	.652	.652	1.217	1.034	.973
21	.243	.223	.223	.45	.50	.46	.652	.652	.652	1.217	1.034	.973
28	.243	.223	.223	.45	.50	.45	.652	.652	.652	1.217	1.034	.973
June 4	.243	.223	.223	.45	.50	.50	.652	.652	.652	1.217	1.034	.973
11	.243	.223	.223	.45	.50	.50	.652	.652	.652	1.217	1.217	
18	.223	.223	.223	.45	.50	.50	.652	.652	.652	1.217	1.217	.973
25	.223	.223	.223	.45	.50	.50	.652	.652	.652	1.217	1.217	.973
July 2	.203	.203	.223	.45	.50	.50	.652	.652	.652	1.217	1.217	.973
9	.203	.203	.223	.45	.50	.50	.652	.652	.652	1.25	1.25	1.25
16	.183	.203	.223	.40	.50	.50	.652	.652	.652	1.25	1.25	1.25
23	.203	.203	.223	.45	.50	.50	.652	.652	.652	1.25	1.25	1.25
30	.203	.203	.243	.45	.50	.50	.652	.652	.652	1.25	1.25	1.25
Aug. 6	.203	.203	.243	.45	.50	.50	.652	.652	.652	1.25	1.25	1.25
13	.203	.203	.243	.45	.50	.50	.652	.652	.652	1.25	1.25	1.25
20	.203	.203	.243	.45	.50	.50	.652	.652	.652	1.25	1.25	1.25
27	.203	.203	.243	.45	.50	.50	.652	.652	.652	1.25	1.25	1.25
Sept. 3	.203	.203	.243	.45	.50	.50	.652	.652	.652	1.25	1.25	1.25
10	.264	.264	.243	.45	.50	.55	.68	.68	.80	1.25	1.25	1.25
17	.264	.264	.243	.48	.50	.55	.68	.50	.80	1.25	1.25	1.25
24	.304	.304	.284	.50	.55	.60	.68	.80	.80	1.25	1.25	1.60
Oct. 1	.365	.365	.365	.60	.65	.60	.80	.80	.80	1.25	1.25	1.50
8	.406	.406	.365	.65	.75	.65	.80	.90	.80	1.25	1.25	1.50
15	.406	.406	.365	.70	.75	.70	.90	.90	.90	1.25	1.25	1.60
22	.365	.365	.365	.70	.70	.70	.90	.90	.90	1.25	1.25	1.50
29	.385	.385	.406	.70	.75	.75	.90	.90	.90	1.25	1.25	1.50
Nov. 5	.406	.406	.406	.70	.75	.75	.90	.90	.90	1.25	1.25	1.50
12	.406	.406	.406	.70	.75	.75	.90	.90	.90	1.25	1.25	1.50
19	.385	.385	.406	.70	.80	.75	.90	.90	.90	1.25	1.25	1.75
26	.385	.365	.385	.70	.80	.75	.90	.90	.90	1.25	1.25	1.75
Dec. 3	.385	.365	.365	.70	.80	.75	.90	.90	.90	1.25	1.25	1.75
10	.385	.385	.385	.70	.80	.80	.90	.90	.90	1.25	1.25	1.75
17	.385	.406	.385	.80	.80	.80	.90	.90	.95	1.25	1.25	1.75
24	.385	.406	.406	.80	.80	.85	1.00	1.00	.95	1.25	1.25	1.75
31	.385	.406	.406	.80	.80	.85	1.00	1.00	1.00	1.25	1.25	1.75
1916.												
Jan. 7	.406	.406	.406	.80	.85	.85	1.25	1.25	1.10	1.25	1.25	1.75
14	.406	.406	.406	.80	.80	.85	1.25	1.25	1.10	1.25	1.25	1.75
21	.406	.406	.406	.80	.80	1.00	1.25	1.25	1.25	1.25	1.25	1.75

LUMBER (HARD AND SOFT), TOBACCO, AND COTTON.

[Published by Boston & Maine R. R. Co., Foreign Freight Department.]

Date.	Lumber (per 100 pounds).						Tobacco (per 100 pounds).			Cotton (per 100 pounds).		
	Hard.			Soft.								
	Liver-pool.	Lon-don.	Glas-gow.	Liver-pool.	Lon-don.	Glas-gow.	Liver-pool.	Lon-don.	Glas-gow.	Liver-pool.	Lon-don.	Glas-gow.
1914.												
Jan. 9	\$0.184	\$0.21	\$0.17	\$0.24	\$0.27	\$0.24	\$0.37	\$0.35	\$0.35	\$0.20	\$0.25	\$0.30
16	.184	.21	.17	.24	.27	.24	.37	.35	.35	.18	.25	.30
23	.184	.21	.17	.24	.27	.24	.37	.35	.35	.18	.25	.30
30	.184	.21	.17	.24	.27	.24	.37	.35	.35	.18	.25	.30
Feb. 6	.184	.21	.17	.24	.27	.24	.37	.35	.35	.16	.25	.30
13	.184	.21	.17	.24	.27	.24	.31	.35	.35	.16	.25	.30
20	.184	.21	.17	.24	.27	.24	.31	.35	.35	.16	.25	.30
27	.184	.21	.17	.24	.27	.24	.31	.35	.35	.12	.25	.30
Mar. 6	.184	.21	.17	.24	.27	.24	.31	.35	.35	.12	.25	.30
13	.184	.21	.17	.24	.27	.24	.31	.35	.35	.12	.25	.30
20	.184	.21	.17	.24	.27	.24	.31	.35	.35	.12	.25	.30
27	.184	.21	.17	.24	.27	.24	.31	.35	.35	.12	.25	.30

792 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Ocean freight rates from Boston to British ports—Continued.

LUMBER (HARD AND SOFT), TOBACCO, AND COTTON—Continued.

Date.	Lumber (per 100 pounds).						Tobacco (per 100 pounds).			Cotton (per 100 pounds).		
	Hard.			Soft.								
	Liver-pool.	Lon-don.	Glas-gow.	Liver-pool.	Lon-don.	Glas-gow.	Liver-pool.	Lon-don.	Glas-gow.	Liver-pool.	Lon-don.	Glas-gow.
1914.												
Apr. 3 ¹	\$0.184	\$0.21	\$0.17	\$0.24	\$0.27	\$0.26	\$0.31	\$0.35	\$0.35	\$0.12	\$0.25	\$0.30
10	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
17	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
24	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
May 1	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
8	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
15	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
22	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
29	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
June 5	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
12	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
19	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
26	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
July 3	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
10	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
17	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
24 ¹	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
Aug. 7 ²	.184	.21	.17	.24	.27	.26	.31	.35	.35	.12	.25	.30
14 ²												
21 ²												
28	.234	.26	.20	.29	.32	.32	.31	.45	.45	.25		
Sept. 4	.234	.26	.20	.29	.32	.32	.31	.45	.45	.25		
11	.234	.26	.20	.29	.32	.32	.31	.45	.45	.25		
18	.234	.26	.20	.29	.32	.32	.31	.45	.45	.25		.30
25	.234	.26	.20	.29	.32	.32	.31	.45	.45	.25		.30
Oct. 2	.234	.26	.20	.29	.32	.32	.31	.45	.45	.25		.30
9	.234	.26	.20	.29	.32	.32	.31	.45	.45	.25		.30
16	.234	.26	.20	.29	.32	.32	.31	.45	.45	.25		.30
23	.234	.26	.20	.29	.32	.32	.31	.45	.45	.25		.30
30	.234	.26	.20	.29	.32	.32	.31	.45	.45	.25		.30
Nov. 6	.234	.26	.20	.29	.32	.32	.31	.45	.45	.25		.30
13	.25	.30	.20	.30	.35	.35	.40	.38	.45	.45		.30
20	.25	.30	.20	.30	.35	.35	.40	.38	.45	.45		.30
27	.25	.30	.20	.30	.35	.35	.40	.38	.45	.45		.30
Dec. 4	.25	.30	.20	.30	.35	.35	.40	.38	.45	.45		.30
11	.25	.30	.20	.30	.35	.35	.40	.38	.45	.45		.30
18	.30	.30	.20	.35	.35	.35	.60	.62	.50	.60		.50
24	.38	.38	.20	.435	.435	.27	1.00	1.00	.50	.75		.50
1915.												
Jan. 1	.38	.38	.20	.435	.435	.27	1.00	1.00	.80	.75		.80
8	.38	.38	.20	.435	.435	.27	1.00	1.00	.80	.75		.80
15	.435			.543			1.25		1.00	1.00		
22	.40			.543			1.25		1.00	1.00		
29	.40		.35	.543		.40	1.25		1.00	1.00		1.00
Feb. 5	.50		.50	.543		.40	1.25		1.00	1.00		1.00
12	.45		.35	.543		.40	1.25		1.00	1.00		1.00
19	.45		.35	.543		.40	1.25		1.00	1.00		1.00
26	.543		.40	.652		.45	1.50		1.00	1.00		1.00
Mar. 5	.543		.40			.45	1.25		1.00	1.00		1.00
12	.543		.45	.652		.50	1.25		1.00	1.00		1.00
19	.543		.475	.652		.54	1.50		1.00	1.00		1.00
26	.543		.475	.652		.54	1.50		1.00	1.00		1.00
Apr. 2	.543	.60	.475	.652	.65	.54	1.50	1.50	1.00	1.25		1.00
9												
16	.652	.61	.575	.70	.67	.64	1.50	1.50	1.00	1.25		1.00
23	.652	.61	.575	.70	.67	.64	1.50	1.50	1.00	1.25		1.00
30	.652	.652	.575	.70	.70	.64	1.25	1.50	1.00	1.00		1.00
May 7	.652	.652	.575	.70	.70	.64	1.25	1.50	1.00	1.00		1.00
14	.652	.652	.575	.70	.70	.64	1.25	1.50	1.00	1.00		1.00
21	.652	.652	.575	.70	.70	.64	1.25	1.50	1.00	1.00		1.00
28	.652	.652	.575	.70	.70	.64	1.25	1.50	1.00	1.00		1.00
June 4	.652	.652	.60	.70	.70	.64	1.25	1.50	1.00	1.00		1.00
11	.652	.652	.60	.70	.70	.64	1.25	1.50	1.00	1.00		1.00
18	.652	.652	.60	.70	.70	.64	1.25	1.50	1.00	1.00		1.00
25	.652	.652	.60	.70	.70	.64	1.25	1.50	1.00	1.00		1.00
July 2	.652	.652	.60	.70	.70	.64	1.25	1.50	1.00	1.00		1.00
9	.652	.652	.60	.70	.70	.64	1.15	1.50	1.00	1.00		1.00
16	.598	.652	.60	.706	.70	.64	1.15	1.50		1.00		
23	.598	.652	.60	.706	.70	.64	1.15	1.50		1.00		
30	.598	.652	.60	.706	.70	.64	1.15	1.50	1.25	1.00		1.00

¹ No report at hand.² Unsettled conditions on account of war.³ No data available.

Ocean freight rates from Boston to British ports—Continued.
LUMBER (HARD AND SOFT), TOBACCO, AND COTTON—Continued.

Date.	Lumber (per 100 pounds).						Tobacco (per 100 pounds).			Cotton (per 100 pounds).		
	Hard.			Soft.								
	Liverpool.	London.	Glasgow.	Liverpool.	London.	Glasgow.	Liverpool.	London.	Glasgow.	Liverpool.	London.	Glasgow.
1915.												
Aug. 6	\$0.598	\$0.652	\$0.60	\$0.706	\$0.679	\$0.66	\$1.15	\$1.40	\$1.25	\$1.00	.....	\$1.00
13	.598	.652	.575	.706	.679	.64	1.15	1.40	1.25	1.00	.....	1.00
20	.598	.652	.575	.706	.679	.64	1.15	1.40	1.25	1.00	.....	1.00
27	.598	.652	.575	.706	.679	.64	1.15	1.40	1.25	1.00	.....	1.00
Sept. 3	.598	.652	.60	.706	.679	.64	1.15	1.40	1.25	1.00	.....	1.00
10	.65	.70	.60	.70	.75	.66	1.15	1.17	1.25	1.00	.....	1.00
17	.65	.70	.60	.70	.75	.66	1.15	1.20	1.25	1.15	.....	1.00
24	.65	.70	.65	.70	.75	.70	1.15	1.20	1.25	1.25	.....	1.00
Oct. 1	.70	.75	.68	.75	.80	.73	1.25	1.30	1.25	1.25	.....	1.00
8	.70	.80	.75	.75	.85	.83	1.25	1.50	1.25	1.25	.....	1.00
15	.70	.85	.70	.75	.90	.75	1.25	1.50	1.25	1.25	.....	1.25
22	.70	.90	.70	.75	.95	.75	1.25	1.50	1.25	1.00	.....	1.25
29	.70	.95	.70	.80	1.00	.75	1.25	1.50	1.25	1.25	.....	1.25
Nov. 5	.70	.95	.70	.80	1.00	.75	1.25	1.50	1.25	1.25	.....	1.25
12	.70	.95	.70	.80	1.00	.75	1.25	1.50	1.25	1.25	\$1.25	1.25
19	.70	.95	.725	.80	1.00	.78	1.25	1.50	1.25	1.25	.....	1.25
26	.75	.95	.725	.85	1.00	.79	1.25	1.50	1.25	1.25	.....	1.25
Dec. 3	.85	.95	.775	1.00	1.00	.84	1.35	1.50	1.25	1.50	.....	1.25
10	.85	.95	.775	1.00	1.00	.84	1.35	1.50	1.50	1.75	.....	1.50
17	.95	.95	.78	1.20	1.00	.84	1.50	2.00	1.50	2.00	2.00	1.50
24	.95	.95	.80	1.20	1.00	.84	1.75	2.00	1.50	2.00	2.00	2.00
31	.95	.95	.78	1.20	1.00	.84	2.00	2.00	1.50	2.25	2.25	1.50
1916.												
Jan. 7	1.10	1.10	.80	1.20	1.20	.84	3.00	.....	2.00	2.75	3.00	2.00
14	1.10	1.10	.83	1.20	1.20	.89	3.00	.....	2.25	2.75	3.00	.....
21	1.10	1.10	.83	1.20	1.20	.89	3.00	.....	2.25	2.75	3.00	.....

Import freight rates.
FROM LIVERPOOL TO BOSTON.

Commodity.	Unit.	1914			
		Jan. 1.	Apr. 1.	July 1.	Oct. 1.
Cotton goods.....	40 cubic feet.....	\$9.13	\$9.13	\$9.13	\$9.13
Cotton, raw.....	2,240 pounds.....	4.26	4.26	4.26	4.26
Earthenware and china.....	40 cubic feet.....	2.43-4.26	2.43-4.26	2.43-4.26	2.43-4.26
Hides and skins.....	2,240 pounds.....	8.21-21.29	8.21-21.29	8.21-21.29	8.21-21.29
India rubber.....	40 cubic feet.....	9.13	9.13	9.13	13.38
Iron, ferromanganese.....	2,240 pounds.....	3.04	3.04	3.04	3.04
Tin, in bars.....	do.....	9.13	9.13	9.13	9.13
Vegetable oils.....	do.....	10.34	10.34	10.34	10.34
Wool, raw.....	do.....	4.26	4.26	4.26	4.26
Measurement goods.....	do.....	6.08	6.08	6.08	6.08
	40 cubic feet.....	18.25	18.25	18.25	18.25
	do.....	9.13-18.25	9.13-18.25	9.13-18.25	9.13-18.25

Commodity.	Unit.	1915				Jan. 1, 1916.
		Jan. 1.	Apr. 1.	July 1.	Oct. 1.	
Cotton goods.....	40 cubic feet.....	\$13.38	\$13.38	\$13.38	\$13.38	\$13.38
Cotton, raw.....	2,240 pounds.....	5.47	5.47	6.08	6.08	6.08
Earthenware and china.....	40 cubic feet.....	3.04-4.26	3.04-4.26	3.65-6.08	3.65-6.08	3.65-6.08
Hides and skins.....	2,240 pounds.....	8.21-21.29	8.21-21.29	8.21-21.29	8.21-21.29	8.21-21.29
India rubber.....	40 cubic feet.....	13.38	13.38	13.38	13.38	13.38
Iron, ferromanganese.....	2,240 pounds.....	3.04	3.04	3.04	3.65	3.65
Tin, in bars.....	do.....	9.13	9.13	9.13	9.13	9.13
Vegetable oils.....	do.....	10.34	10.34	10.34	10.34	10.34
Wool, raw.....	do.....	5.47	5.47	5.47	5.47	5.47
	do.....	9.13	9.13	9.13	9.13	9.13
Measurement goods.....	40 cubic feet.....	18.25	18.25	18.25	18.25	18.25
	do.....	13.38-21.90	13.38-21.90	13.38-21.90	13.38-21.90	13.38-21.90

794 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Import freight rates—Continued.
FROM BUENOS AIRES TO BOSTON.

Commodity.	Unit.	1914			
		Jan. 1.	Apr. 1.	July 1.	Oct. 1.
Hides, salt.....	Per ton.....	\$6.50	\$6.50	\$6.50	\$6.50
Hides, dry.....	100 pounds.....	.70	.70	.70	.70
Wool, raw.....	40 cubic feet.....	4.50	4.50	4.50	4.50

Commodity.	Unit.	1915				Jan. 1, 1916.
		Jan. 1.	Apr. 1.	July 1.	Oct. 1.	
Hides, salt.....	Per ton.....	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00
Hides, dry.....	100 pounds.....	1.50	1.50	1.50	1.50	1.50
Wool, raw.....	40 cubic feet.....	12.00	12.00	12.00	12.00	12.00

INCREASE IN OCEAN FREIGHT RATES TO THE FAR EAST FROM JANUARY 1, 1914, TO
JANUARY 1, 1916.

[Report prepared by the Seattle district office of the Bureau of Foreign and Domestic Commerce.]

The following statement regarding the ocean freight situation at Seattle on March 2, 1916, was prepared by Mr. W. B. Henderson, commercial agent in charge of the Seattle district office of the Bureau of Foreign and Domestic Commerce:

SEATTLE, WASH., March 2, 1916.

Referring again to your communication of February 2, in which you requested a detailed report on ocean freight rates for specified commodities and periods between Seattle and foreign ports, I have the honor to submit herewith the result of the investigation on the sheets that were furnished by the bureau.

In connection with this report I am submitting herewith, I have to state my utter inability to cover all commodities, all periods, and all destinations. However, the report is as complete as it could possibly be, owing to the unsettled conditions in shipping facilities and the entire absence of published tariff schedules since the breaking out of the European war.

My investigation necessitated about 35 calls for interviews with managers of ocean steamship companies, commercial organizations, and transportation companies. In most every case on first presenting the matter to a steamship line or the manager of a transportation bureau I was met with the blunt announcement "there is no such thing now as an ocean freight tariff." They also said that old schedules had been destroyed. Nevertheless, by persistence I secured copies of the 1914 tariff schedules for most lines operating in and out of this port. As to rate quotations for the latter part of 1915 and for January, 1916, there are none, or practically none. Most of the ships are working for all they can get or what they think they can get. There are, however, exceptions to this state of affairs. These exceptions are in the case of the Osaka Shosen Kaisha and the Nippon Yusen Kaisha, the two regular Japanese lines. The rates published by these companies in the tariff schedules for 1914 are more nearly in conformity with the charges they made for freight during the whole of 1915. For 1916 (January), their rates were perceptibly higher, but in no wise to be likened to the enormous increases asked and obtained by others—notably the chartered lines.

This investigation brought out some anomalous conditions bordering onto a paradoxical aspect, inasmuch as there are a greater number of lines in the trade, a large increase in the number of vessels entering and clearing from this port and Tacoma, while at the same time freight in these ports was never so congested and exporters so hard put to secure tonnage space. Yet at the same time, also, this section is manufacturing and producing but a small proportion more than it was at this time two years ago.

This condition, with its peculiar aspects, is accounted for by the arrangements that the transcontinental railroads have with the regular steamship companies plying to orient ports. The Chicago, Milwaukee & St. Paul and the Northern Pacific Railroads

have an understanding or a contract, as it were, with the two regular Japanese steamship companies for practically their entire space. They apportion this space so much to New York, so much to Chicago, to St. Louis, or Kansas City, as the case may be, and get the benefit of the rail charges on the long haul. This practically leaves the local exporter out of the deal, and as a consequence he must stay out of the business or else fall back on the chartered lines and tramp vessels with their advance in ocean freight rates of from 100 to 1,000 per cent.

This situation applies to a large extent to the native products of this section, such as lumber, box shooks, wheat and flour, and canned salmon. Then, too, there appears to be a discrimination on the part of the Japanese lines on certain commodities, as for instance, a representative of one of the largest manufacturers and exporters of flour told me that the Japanese lines had allotted so much space for flour from Puget Sound ports to China. The amount of space which he mentioned is about two-fifths of the product for export by the mills of this section. This, he inferred, was to the advantage of Japan, which country is supplying the other three-fifths to China from her own mills.

Another large export firm here claims that it can not get space promised at any rates for the next five months. He stated a specific case where he had for export a product which is now being booked by the steamship companies at the rate of \$35 per ton. He tried for space some months ago and finally secured space from San Francisco on the condition, however, that the shipment be transported from Seattle over the lines of a certain railroad named. It so happens that in order to transport the goods over the particular line named that he must ship from Seattle to Denver and thence to San Francisco, thus making the freight rates prohibitive. He is now in the market for the same commodity on the lines of the specified railroads at a point nearer San Francisco, while his consignment is lying in the Seattle warehouse.

No living man could make a complete analysis of the ocean freight rates here as they present themselves now, and only a very poor comparison can be had. So far as securing space is concerned for ships booked to sail in the near future, it is out of the question. A few orders are being booked for four or five months ahead and it would appear that unless the exporter received enormous profits on commodities exported a year ago when ocean freight rates were comparatively normal, it is hard to see where he can get any profit now (even if he secures space) at the abnormally high rates. Yet they are all in the market for tonnage space, and as a consequence new shipping agencies are daily springing up; old lines are adding extra vessels; and contracts are being let for building new ships. Besides the Frank Waterhouse Co. and the H. F. Ostrander Co., who are both chartering a large number of vessels, Griffiths & Sons, old-time shippers, have chartered several tramp vessels and impressed them into the trade, and recently a local concern has received a contract to build immediately a million-dollar ship.

I am herewith inclosing the sheets filled out as fully as the figures can be obtained. I have also supplemented it by a statement showing the present rates that have been secured on tonnage from Seattle to Vladivostock, and I am also submitting a partial list of the parties interviewed in obtaining these rates.

Very truly, yours,

W. B. HENDERSON, *Commercial Agent.*

I interviewed the following concerns here re the ocean freight rates:

Mr. B. J. Orvinsck, of W. R. Grace & Co., as to the import rates from Chilean points (Valparaiso, as specified in the report). He could only give me rates on copper.

Mr. Fawcner, of Fawcner-Currie & Co., who operate a steamship line between here and South America, as to import rates on nitrates from Valparaiso.

Mr. W. A. Mears, of the transportation bureau of the Seattle Chamber of Commerce, on rates generally. No particular information.

Mr. W. D. Benson, manager of the Pacific Coast-Oriental Tariff Bureau, who is also connected with Frank Waterhouse & Co., as to rates generally. He supplied me with the greater portion of the rates for 1914 and part of 1915, and furnished me with a number of schedules.

Mr. F. M. Studley, manager of the Nippon Yusen Kaisha, on rates generally to the Orient. He supplied me with rates on several commodities to Hongkong and Shanghai.

Mr. Manion, of the Blue Funnel Line, supplied me with rates to London.

Mr. D. W. Burchard, of the Hamburg-American Line. No information. His line is interned and out of business, and the documents were burned at a recent fire.

Mr. T. Stuart, recently connected with Robinson & Morrison, furnished some information regarding import rates to Sydney.

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Mr. Pettibone, formerly of the Canadian Trading Co., now of the American Trading Co., furnished me with rates on lumber to Hongkong and Shanghai. Mr. Hodge, of the Northwest Trading Co., furnished rates on flour, bar iron, sheet iron, wire, and some commodity rates to Shanghai and Hongkong.

Mr. Parrott, of the firm of Parrott & Co., brokers, furnished general information.

Mr. Erickson, of the American Express Co., gave me considerable information regarding rates, especially on the old schedules of 1914.

Mr. W. S. Allen, assistant manager of the Fisher Flouring Mills, furnished me valuable information regarding export rates to the Orient on flour.

Mr. Robert Hill, manager of the Merchants' Exchange, gave me valuable assistance regarding rates on flour and wheat to London.

Mr. H. F. Ostrander furnished valuable information as to rates on a number of commodities to Shanghai and Hongkong.

The following shipping agencies and exporters were visited in Tacoma, in connection with the investigation of ocean freight rates:

Mr. McKune, chairman transportation bureau, Tacoma Commercial Club and Chamber of Commerce.

Mr. Giles Smith, acting secretary, Tacoma Commercial Club and Chamber of Commerce.

Mr. Hans Heidner, importer and exporter.

Mr. J. B. Van Fossen, agent for Osaka Shosen Kaisha.

Mr. J. T. Steeb, customhouse broker.

Others interviewed in Seattle are as follows:

A representative of M. Furuya & Co.

Northwest Trading Co.

Mr. Pettibone, of the American Trading Co.

The agent of the Norwegian-American Line, for information re freight rates to Scandinavian ports.

A representative of W. R. Grace & Co., who are agents for the Johnson Line, regarding rates to Copenhagen.

The vice consul for Norway.

A representative of Fawcner-Currie Co., shipping agents.

Commodity and port.	1914.				1915.				Jan. 1, 1916.
	1914.		1915.		1915.		1915.		
	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	
Cotton (compressed), per 100 pounds:									
Hongkong.....	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$1.00
Manila.....	.40	.40	.40	.40	.40	.40	.60	.75	1.00
Wheat, per ton of 2,000 pounds:									
Hongkong.....	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	1 10.00
Manila.....	5.00	5.00	5.00	5.00	5.00	5.00	5.00	8.00	8.00
Sydney.....	6.52	6.52	6.52-6.63	6.79	7.61-8.14	13.04	17.39	17.39	21.73
London.....	4.89-8.69	4.89-8.69	4.89-8.69	4.89-8.69	10.87	10.87	10.87	11.41	29.33
Flour, per ton of 2,000 pounds:									
Hongkong.....	4.00-5.00	3.50-4.00	3.00-4.00	4.00	5.00	5.00-6.00	5.00-8.00	6.00-8.00	9.00
Manila.....	5.00	5.00	5.00	5.00	5.00	5.00	5.00	8.00	8.00
Meat products, per ton of 2,000 pounds:									
Hongkong.....	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Manila.....	8.00	8.00	8.00	8.00	8.00	8.00	10.00	10.00	8.00
Shanghai.....	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Lard, per ton of 2,000 pounds:									
Hongkong.....	6.00	6.00	6.00	6.00	6.00	6.00	8.00	8.00	1 8.00
Manila.....	6.00	6.00	6.00	6.00	6.00	6.00	7.50	10.00	10.00
Tobacco, per ton of 2,000 pounds:									
Hongkong.....	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Manila.....	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Shanghai.....	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Lumber, per thousand feet b. m.:									
Hongkong.....	10.00	10.00	10.00	10.00	12.00	12.00	12.00	15.00	17.00
Manila.....	10.00	10.00	10.00	10.00	12.00	12.00	12.00	15.00	17.00
Sydney.....	9.73-10.22	9.12-9.73	9.12-9.73	24.33	21.90	21.90	21.90	21.90	23.72-24.33
London.....	19.47	19.47	19.47	24.33	21.90	21.90	24.33	30.42	54.75
Steel products (bar iron, sheet iron, wire), per ton of 2,000 pounds:									
Hongkong.....	3.60	3.60	3.60	3.60	3.60	5.00	10.00	16.00	30.00
Manila.....	6.00	6.00	6.00	6.00	6.00	6.00	10.00	10.00	10.00
Shanghai.....	3.60	3.60	3.60	3.60	3.60	5.00	10.00	16.00	30.00
Agricultural machinery per ton of 2,000 pounds:									
Hongkong.....	8.80-11.00	8.80-11.00	8.80-11.00	8.80-11.00	8.80-11.00	8.80-11.00	8.80-11.00	8.80-11.00	13.00-35.00
Manila.....	7.00	7.00	7.00	8.00	8.00	8.00	10.00	10.00	10.00
Textile machinery, per ton of 2,000 pounds:									
Hongkong.....	6.60	6.60	6.60	6.60	6.60	6.60	6.60	6.60	6.60
Manila.....	7.00	7.00	7.00	8.00	8.00	8.00	10.00	10.00	10.00
Copper, per ton of 2,000 pounds:									
Hongkong.....	5.00	5.00	5.00	5.00	5.00	8.00	10.00	8.00	10.00
Manila.....	5.00	5.00	5.00	5.00	5.00	8.00	10.00	8.00	10.00
London.....	6.52	6.52	6.52	6.52	6.52	6.52	6.52	6.52	27.17

1 And up.

Indicates that quotations were on a basis of 40 cubic feet or 2,000 pounds, ship's option.

* Indicates that quotations were on a basis of 40 cubic feet or 2,000 pounds, ship's option.

1 And up.

Ocean freight rates from Seattle to the Far East and London—Continued.

Commodity and port.	1914.				1915.				Jan. 1, 1916.
	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	
Cotton and woolen goods, per ton of 2,000 pounds:									
Hongkong.....	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$10.00
Manila.....	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	
Boots and shoes, per ton of 2,000 pounds:									
Hongkong.....	12.00	12.00	12.00	12.00	13.72	13.72	13.72	13.72	15.00
Manila.....	12.00	12.00	12.00	12.00	12.00	12.00	10.00	10.00	10.00
Leather, per ton of 2,000 pounds:									
Hongkong.....	15.00	15.00	15.00	15.00	35.00	35.00	35.00	35.00	35.00
Manila.....	15.00	15.00	15.00	15.00	15.00	15.00	10.00	10.00	10.00
Sewing machines, per ton of 2,000 pounds:									
Hongkong.....	7.80	7.80	7.80	7.80	7.80	7.50	7.80	7.80	20.00
Manila.....	8.00	8.00	8.00	8.00	8.00	8.00	10.00	10.00	10.00
Canned salmon, per ton of 2,000 pounds:									
Hongkong.....	6.00	6.00	6.00	6.00	6.00	6.50	8.00	10.00	12.00
Shanghai.....	6.00	6.00	6.00	6.00	6.00	6.50	8.00	10.00	12.00
London.....	9.78	9.78	9.78	9.78	10.87	10.87	21.73	21.73	21.73

OCEAN FREIGHT RATES FROM SEATTLE ON IMPORTS OF COPPER ORE, PER TON OF 2,000 POUNDS.

Callao.....	\$3.50	\$3.50	\$4.75	\$4.75	\$6.00	\$6.00	\$7.00	\$7.00	\$7.00
Valparaiso.....	4.02	4.02	4.02	4.02	3.93	3.93	4.02	6.26	6.26

¹ Indicates that quotations were on a basis of 40 cubic feet or 2,000 pounds, ship's option.

INCREASE IN OCEAN FREIGHT RATES FROM JANUARY 1, 1914, TO JANUARY 1, 1916.

[Report prepared by the New Orleans district office of the Bureau of Foreign and Domestic Commerce.]

NEW ORLEANS, *March 10, 1916.*

In compliance with the instructions given in your letter of February 2, dictated by Commercial Agent Jones, there are inclosed herewith ocean freight rate schedules covering the traffic between New Orleans and European ports. These schedules are as complete as it has been possible to make them from the data available. New Orleans ships very little outside of the first two classifications on the prepared schedule, and it has been impossible to obtain rates that would be of any value for comparative purposes on steel products, machinery, mineral and petroleum products, and miscellaneous manufactured goods. A large amount of oil is credited to the export figures of this port, but this moves in full cargo lots chiefly from Baton Rouge.

The figures supplied in the inclosed statements are taken from the books of the New Orleans Cotton Exchange, the files of the Lumber Trade Journal, files of the rate sheets issued by the Texas Transport & Terminal Co., A. H. Clement & Co., Ross & Heyn, and George Gerdes & Co., supplemented by figures taken from the actual manifests of the Leyland, Vogemann, Head, Pinillos, Gans, Norway-Mexico Gulf, Swedish-American-Mexico, MacLay-Prentice Co., and Pierce Cottoniera lines.

I am giving on these sheets the rates as quoted in the various sources of information, with footnotes indicating any variation in the unit of quantity. It would be misleading to the compiler of any report from this data for me to make any attempt at reducing these rates to a common basis. The fluctuation in sterling exchange has forced a good many changes in the methods of quoting during the last six months. For example, the cottonseed oil rate, has ordinarily been quoted in shillings per barrel, but since the 1st of October a number of lines have changed their quotations to cents per hundred pounds to avoid the uncertainty of exchange fluctuations. To bring the shilling rates down to a dollar and cents basis due consideration must be given to the various exchange rates ruling at the time these quotations were made. In other cases the unit of quantity on which quotation is made has been changed. For instance, pine quotations are in some cases in shillings per standard and in others in dollars per thousand feet. This can readily be brought down to a common unit of quantity, but I believe such conversion should be done by the person making use of the figures rather than by the compiler of these charts, as he will then know exactly what has been done.

Yours, very truly,

E. E. JUDD,
Commercial Agent in Charge.

Another communication from the commercial agent in charge of the New Orleans district office of the Bureau of Foreign and Domestic Commerce may also be of interest in connection with the shipping situation at the Gulf ports. This letter was in answer to a request from the bureau that the agent look into the possibilities of securing a vessel for the movement of mahogany from Central America to New Orleans for a large plant in Cincinnati:

NEW ORLEANS, *March 8, 1916.*

I have your letter of March 6, dictated by Commercial Agent Jones, inclosing copy of a letter from the Freiberg Lumber Co. to the Cincinnati Chamber of Commerce, asking for advice as to the conditions in shipping between Central America and the Gulf ports. I can say, in general, that charters for Central American business have been practically unobtainable for the past several months, charter rates being way above what this traffic can bear. Steamers are absolutely out of the question, as they have all gone into the European trade with the exception of the regular line vessels carrying general cargo down and bringing bananas and other fruit back. There have been a few small sailing vessels on the market from time to time at high rates. The regular liners are not available for mahogany business as they will accept such cargo only in small quantities and at their regular shipping points. Most of the mahogany is loaded at small ports not regularly touched by these ships.

The abnormal prices asked for tonnage in the Central American trade are only a logical result of the European situation. With cotton rates at \$2.90 per hundred pounds to Liverpool, \$3.15 to Havre, \$3 to Barcelona, and \$3.60 to Gothenberg, and

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pig iron bringing \$25 a ton, it is only natural that shipowners have thrown their vessels into the European trade. Shippers to Europe are literally begging for space at these prices. There has been a great deal of speculating in tonnage, but the rates are traceable directly to the enormous outbound traffic. I just heard to-day of one speculator who paid 170 shillings per dead-weight ton for a vessel with a capacity of sixteen to eighteen hundred tons. The market has dropped a little since then, so that the ship is only worth about 140 shillings now. This man stands to lose several thousand dollars on the venture in spite of the high rates prevailing.

I am going further into this subject in the next day or so and will report if I find anything further of interest. I shall also do a little scouting around in shipping circles here and see if I can't pick up something for the Freiberg Co. I think I know where there is an 1,800-ton sailing vessel which might be glad to make a contract for mahogany business.

Very truly, yours,

E. E. Judd,
Commercial Agent in Charge.

P. S.—In talking over the shipping situation with Mr. De Witt to-day I mentioned that a mahogany company wanted a 2,000-ton steamer. He said if he could find any such craft he would like to buy three of them at a good, fat figure, and pay a fine commission to the wizard who produced them. He said, "I don't care about age, beauty, or flag if they will float and can sail without danger of being shot to pieces. And I can load them with something more profitable than mahogany."

E. E. J.

Ocean freight rates from New Orleans to European ports.

COTTON (COMPRESSED), PER 100 POUNDS.

Port of destination.	1914				1915				1916, Jan. 1.
	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	
British ports:									
London.....	\$0.48				\$1.15				
Liverpool.....	.31	\$0.30	\$0.28	\$0.50	1.00	\$1.40	\$1.00	\$1.10	\$2.00
Manchester.....	.38	.33	.31	.50	1.00	1.00	1.10	1.15	
Glasgow.....	.34	.38	.35	.45	.65	1.15	1.25		2.25
Dublin.....	.48	.38	.35						
Belfast.....	.48	.38	.35	.45	.65				
Scandinavian ports:									
Gothenburg.....	.53	.43	.40			2.25	1.75	1.75	2.75
Christiania.....	.53	.43	.40	.85	{ 1.20 2.00 }	2.25	1.75	1.75	2.75
Dutch ports:									
Amsterdam.....	.40	.32	.27	.72	2.52	2.17	1.52	2.02	2.77
Rotterdam.....	.36	.34	.28	.35	2.50	2.15	1.50	2.00	2.75
Havre, France.....	.38	.34	.35	.50	{ 1.20 1.35 }	1.55	1.20	1.00	2.50
Barcelona, Spain.....	.60	.40	.40	.85	1.40	1.40	1.40	1.80	2.00
Italian ports:									
Genoa.....	.45	.40	.38	.60	1.35	1.75	1.25	1.75	2.25
Naples.....	.47½	.42½	.40½	.72½	1.52½	1.75	1.25	1.75	2.30

COTTONSEED OIL, PER BARREL OF 450 POUNDS.

British ports:									
Liverpool.....	\$1.22	\$1.22	\$1.10	\$4.87			\$2.43	\$2.92	
Glasgow.....	1.35	1.26	1.17	1.40	\$2.03	\$2.93	3.00	3.00	\$5.40
Dublin.....	1.53	1.30	1.22			3.02	3.00	3.00	5.53
Belfast.....	1.35	1.26	1.17	1.62	2.03	2.93	3.00	3.00	5.40
Scandinavian ports:									
Gothenburg.....	1.70	1.70	1.70			6.33	5.52	5.40	8.55
Christiania.....	1.70	1.70	1.70	1.58	7.30	8.52	4.26		8.55
Dutch ports:									
Amsterdam.....			1.10	1.95	4.38	4.90		6.04	7.20
Rotterdam.....	1.46	1.46	.97	1.83	4.20	4.87	4.31	5.85	7.20
Havre, France.....	1.46	1.46	1.40	1.46	2.92	4.87	3.80	4.78	12.00
Genoa, Italy.....	1.70	1.64	1.64	2.19	3.65	5.84	4.87	5.40	6.52

Ocean freight rates from New Orleans to European ports—Continued.

COTTONSEED CAKE, PER LONG TON.

Port of destination.	1914				1915				1916, Jan. 1.
	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	
British ports:									
Liverpool.....	\$3.65	\$2.92	\$2.43	.....	\$10.34	.....	\$10.34	\$12.17	.....
Manchester.....	3.65	2.92	2.43	.....	.....	.....	10.34	10.95	.....
Glasgow.....	4.62	4.14	3.89	\$6.08	8.03	\$12.17	13.39	14.60	\$21.90
Dublin.....	5.11	4.38	4.14	.....	.....	12.66	13.87	15.09	22.39
Belfast.....	4.62	4.14	3.89	6.08	8.03	12.17	13.39	14.60	21.90
Scandinavian ports:									
Gothenburg.....	5.11	3.89	3.89	.....	.....	18.25	14.60	15.68	33.60
Christiania.....	4.87	3.89	3.89	.....	.....	15.82	14.60	15.68	33.60
Dutch ports:									
Amsterdam.....	3.89	3.65	3.29	6.33	14.83	19.96	14.83	22.85	28.45
Rotterdam.....	3.65	3.41	3.04	6.08	14.60	19.70	14.60	22.40	28.00
Havre, France.....	4.02	3.77	3.16	5.35	11.31	17.03	12.17	16.80	33.60
Genoa, Italy.....	5.35	5.35	5.35	7.30	10.95	20.08	14.60	18.37	30.24

WHEAT, PER BUSHEL OF 60 POUNDS.

Port of destination.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	1916, Jan. 1.
British ports:									
Liverpool.....	\$0.07	\$0.061	\$0.061	\$0.061	\$0.152	\$0.264	.....	\$0.243	.....
Manchester.....	.07	.066	.061	.132	.233	.264	.....	.....	.....
Glasgow.....	.101	.101	.....	.091	.....	.....	.....	.35	\$0.548
Scandinavian ports:									
Gothenburg.....	.101	.091	.087	.....	.....	.....	\$0.365	.38	.589
Christiania.....	.101	.091	.084	.....	.213	.....	.365	.38	.589

FLOUR, PER 100 POUNDS.

Port of destination.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	1916, Jan. 1.
British ports:									
Liverpool.....	\$0.20	\$0.18	\$0.18	.....	\$0.23	\$0.40	\$0.55	\$0.55	.....
Glasgow.....	.25	.20	.20	\$0.28	.35	.45	.60	.60	\$1.01
Dublin.....	.26	.21	.21	.....	.....	.47	.61	.61	1.06
Belfast.....	.25	.20	.20	.28	.35	.45	.60	.60	1.01
Scandinavian ports:									
Gothenburg.....	.26	.23	.23	.....	.....	.75	.61	.70	1.25
Christiania.....	.26	.23	.23	.35	.60	.75	.61	.70	1.25
Dutch ports:									
Amsterdam.....	.21	.18	.17	.29	.63	.88	.53	.70	1.11
Rotterdam.....	.20	.17	.16	.28	.62	.87	.52	.69	1.10
Havre, France.....	.22	.19	.18	.24	.50	.75	.55	.75	1.50
Genoa, Italy.....	.24	.22	.22	.30	.56	.85	.62	.82	1.35

TOBACCO, PER 100 POUNDS.

Port of destination.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	1916, Jan. 1.
British ports:									
Liverpool.....	.....	\$0.425	\$0.455	\$0.465	.....	\$1.15	\$1.15	\$1.15	.....
Glasgow.....	\$0.415	.415	.45	.60	\$0.70	1.50	1.00	.....	.....
Belfast.....	.48	.....	.45	.60	.70	1.50	.....	.....	.....
Christiania, Norway.....	.49	.40	.70	.75	1.25	2.50	2.00	2.00	\$3.00
Dutch ports:									
Amsterdam.....	.50	.50	.50	.72	2.57	2.12	1.77	2.02	3.01
Rotterdam.....	.48	.48	.48	.70	2.55	2.10	1.75	2.00	3.00
Havre, France.....	.48	.48	.43	.60	1.40	1.62	1.40	1.60	2.50
Genoa, Italy.....	.50	.43	.43	.63	1.55	1.80	1.30	1.80	2.35

MEAT PRODUCTS, PER 100 POUNDS.

Port of destination.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	1916, Jan. 1.
British ports:									
Glasgow.....	\$0.35	.....	\$0.26	\$0.30	\$0.45	\$0.70	.....	\$0.80	.....
Belfast.....	.35	.....	.36	.34	.45	.70	.....	.....	.....
Dutch ports:									
Amsterdam.....	.36	\$0.31	.31	.46	.97	1.77	\$1.02	1.32	\$1.52
Rotterdam.....	.35	.30	.30	.45	.95	1.75	1.00	1.30	1.50
Havre, France.....	.33	.33	.33	.35	.70	1.10	.90	1.10	2.75
Genoa, Italy.....	.36	.34	.34	.40	.82	1.30	1.10	1.20	1.60

802 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

Ocean freight rates from New Orleans to European ports—Continued.

LUMBER (SOFT), PER 2,000 FEET.

Port of destination.	1914				1915				1916, Jan. 1.
	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	Jan. 1.	Apr. 1.	July 1.	Oct. 1.	
British ports:									
Liverpool.....	\$19.47	\$15.82	\$14.60	\$21.90	\$38.93	\$41.37	\$54.75		
Manchester.....	19.47	15.82	14.60			41.37			
Glasgow.....	24.00	20.00	13.00	20.00	32.00	50.00	11.56	48.67	\$24.33
Belfast.....	24.00	20.00	16.00	24.00	32.00	50.00		60.00	
Christiania, Norway.....	27.00	24.33	19.47			43.80		49.00	
Dutch ports:									
Amsterdam.....	18.86	15.82	13.99	28.22	76.65	79.84	52.32	158.00	188.00
Rotterdam.....	17.03	14.00	12.78	28.11	73.00	75.43	48.67	150.00	180.00
Havre, France.....	23.00	17.03	14.60	24.33	46.23	75.43	66.91	140.00	230.00
Barcelona, Spain.....	24.00	20.00	14.00	14.00	24.00	34.00	34.00	40.00	50.00
Genoa, Italy.....	21.90	18.25	17.64	24.33	51.75	97.30	73.00	160.00	200.00
Buenos Aires, Argentina.....	32.00	32.00	32.00				66.00	66.00	

LUMBER (HARD), PER 100 POUNDS.

British ports:									
Liverpool.....	\$0.28	\$0.25	\$0.23	\$0.30	\$1.50	\$0.70	\$0.80		
Manchester.....	.30	.25	.23	.45	\$0.50	.70	.75	\$0.80	
Glasgow.....	.30	.28	.26	.30	.45	.65	.80	.80	1.20
Dublin.....	.34	.29	.29	.37		.62	.81	.81	1.25
Belfast.....	.30	.28	.28	.34	.45	.65	.80	.80	1.20
Scandinavian ports:									
Gothenburg.....	.40	.40	.35	.50		1.50	.95	.90	1.25
Christiania.....	.40	.40	.35	.50		1.80	.95	.90	1.25
Dutch ports:									
Amsterdam.....	.32	.26	.22	.40	.97	1.02	.82	1.22	1.32
Rotterdam.....	.28	.24	.20	.38	.95	1.00	.80	1.20	1.30
Havre, France.....	.33	.26	.26	.33	.70	1.10	.85	.90	1.50
Genoa, Italy.....	.36	.34	.26	.40	.83	1.30	1.00	1.20	1.40

PIG IRON, PER LONG TON.

British ports:									
Glasgow.....	\$4.87	\$3.04	\$3.04	\$5.47	\$6.08	\$8.52			
Belfast.....		3.04	3.04	5.47	6.08	8.52			
Dutch ports:									
Amsterdam.....	2.92	2.92	2.43		7.79	7.79			
Rotterdam.....	2.43	2.43	1.95		7.30	7.30			
Havre, France.....	2.43	2.43	2.43	3.16	4.87	7.30	\$7.30	\$8.95	
Genoa, Italy.....	2.68	2.43	2.43	3.65	6.08	8.03	9.73	9.73	

ROSIN, PER LONG TON.

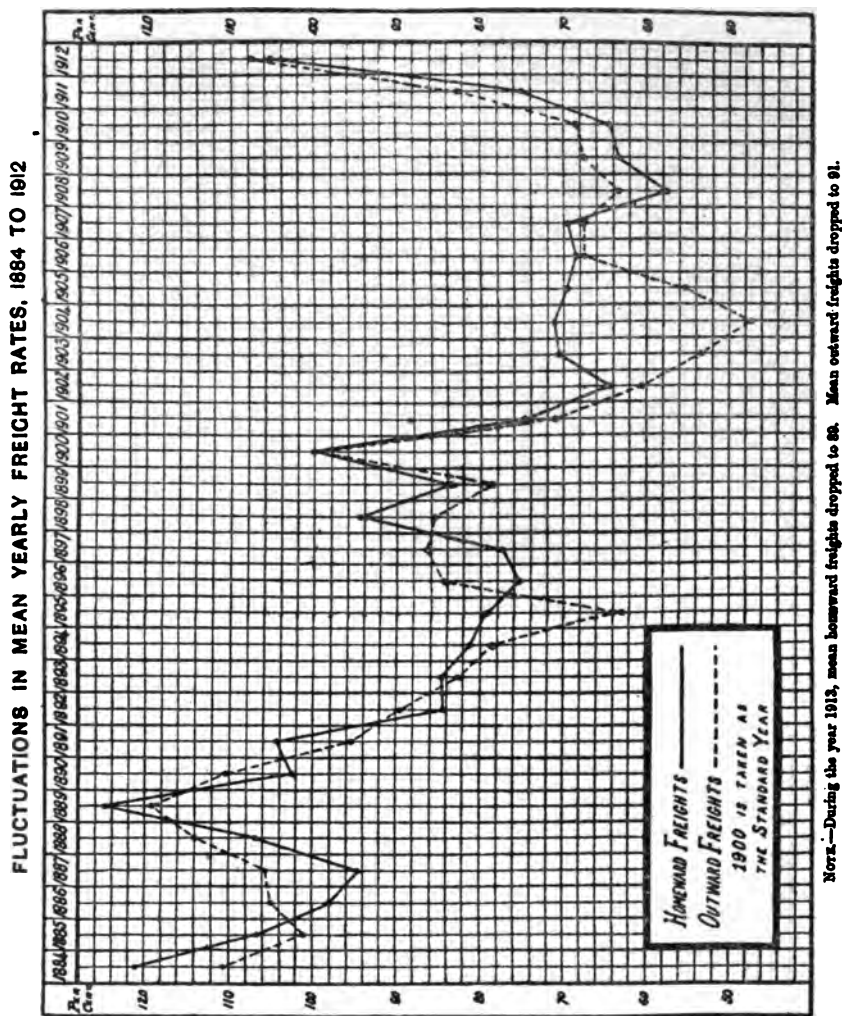
British ports:									
Liverpool.....	\$4.62	\$3.89	\$3.41		\$13.39	\$13.39	\$14.09		
Glasgow.....	5.11	4.62	4.14	\$5.84	\$8.76	13.39			\$24.33
Belfast.....	5.11	4.62	4.62	6.33	8.76	13.39			
Christiania, Norway.....	5.35	5.47	5.47	9.13	12.17	30.42	19.47	24.64	39.39
Dutch ports:									
Amsterdam.....	5.11	3.77	3.77	5.60	17.52	19.96	16.30	24.42	34.65
Rotterdam.....	6.27	5.38	4.48	8.51	21.28	22.40	17.92	26.88	29.12
Havre, France.....	5.11	3.89	3.65	4.87	10.95	17.03	15.82	16.80	49.28
Genoa, Italy.....	6.60	5.93	5.50	7.91	13.19	22.85	20.22	22.40	80.24

¹ Plus 5 per cent primage.

OCEAN FREIGHT RATES TO AND FROM PORTS OF THE UNITED KINGDOM.

The fluctuations in British ocean freight rates to and from the ports of Great Britain are of particular interest to the whole world, not only because of the dominant position of Great Britain in the world's carrying trade but also because Great Britain draws its supplies from practically every corner of the globe.

The following comment and charts, taken from Appendix XVI of Kirkaldy's British Shipping: Its History, Organization, and Importance, throw considerable light on the course of ocean freight rates during a period of nearly 25 years:

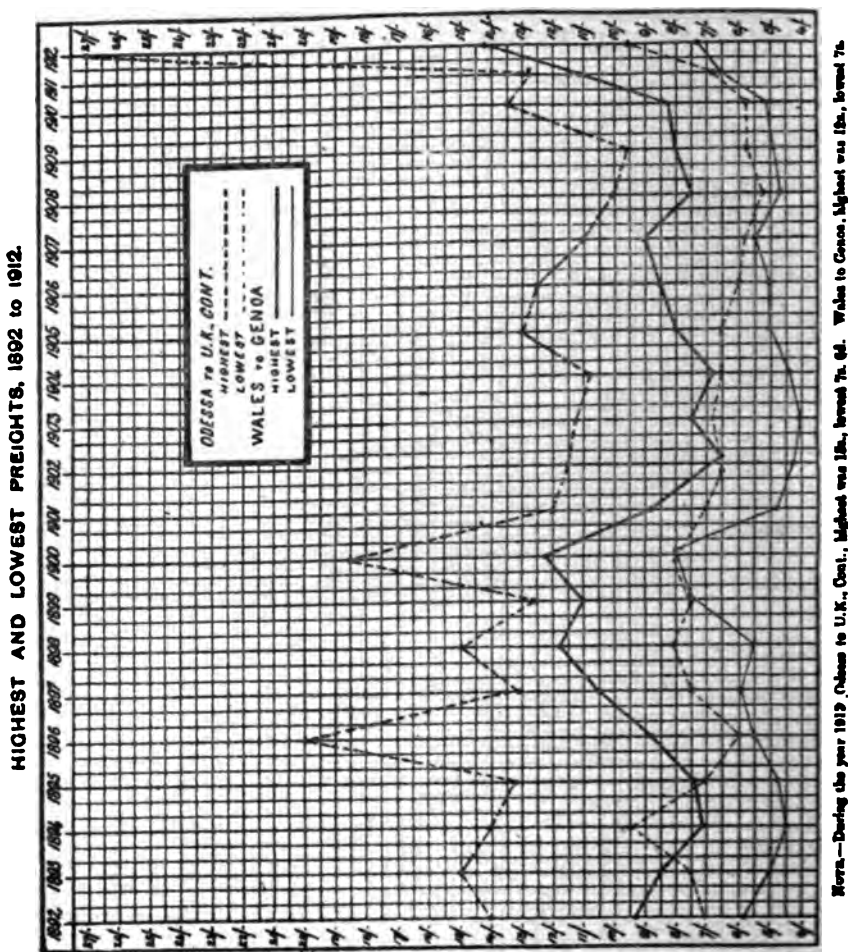


FREIGHT FLUCTUATIONS.

The fluctuations which have taken place in freights in different directions during the past 30 years have been enormous, as has been evidenced by the tables compiled each year by Messrs. Angier Bros., and published in these columns. We have endeavored, by the aid of these tables and the returns published by the board of trade from time to time, to give a diagram showing the extent of these rises. It should be mentioned, however, that averages are deceptive, and that it is impossible with the data obtainable to secure absolutely reliable figures, but with the information at our

disposal we have endeavored to make the comparison as complete as possible. As the year 1900 is reckoned as the best year shipowners have had for many years, we have taken this year as a basis, and show by percentages the rises and falls in the years since 1884.

From this diagram it will be seen that, as regards both outward and homeward freights, 1889 was the record year, but from 1884 to 1889 freights were good and did not show any very serious fluctuation. From 1889 to 1895 freights fell to the extent of 40 per cent. The engineers' strike in 1897, by stopping the production of new shipping, together with the Spanish-American war in 1898, sent outward and homeward freights up to 91.35 per cent of the 1900 standard, and it was solely due to the



demand of the British Government for transports for South Africa that freights went up still higher in 1900, when as much as 35 shillings per ton gross per month was paid for the hiring of some of the large mail and passenger steamers for the transport of troops. These high figures for passenger steamers are, however, not taken into account in the table for obvious reasons. It should be borne in mind that since 1885 the size of steamers engaged in the cargo-carrying trade has increased considerably, and that vessels, owing to their increased size and better dispatch, can now carry cargo at a much lower rate to leave a profit than vessels could do 30 years ago.

The high freights for carrying cargo that were paid in 1900, however, were not the result of an increase in trade generally, but were of a fictitious character, with the

result when the transports, etc., were released by the Government, and had to seek freights in their regular trades, the result was disastrous, freights falling 26 per cent in the following year, and remaining at an unremunerative level until September, 1911, when, shipowners having for some years refrained from building to any large extent owing to the impossibility of profitably employing tonnage, the increased trade caused the demand for steamers to more than equal the supply, with the natural consequence that freights were forced up to a paying basis. At that time it was fully anticipated by shipowners generally that they were in for a year or two of good freights, although nothing of an extra abnormal character was anticipated. The strike in the Plate caused a large number of vessels to be tied up there which were consequently taken off the market. The coal strike in this country also caused a further large amount of tonnage to be laid idle, while the transport workers' strike in the middle of the year further delayed vessels. When the disputes were over there was a glut of goods to be shifted at different parts of the world, with the result that in order to secure vessels the different markets had to increase the rates, and freights reached a point which no owner in his wildest moment had anticipated. For instance, in order to induce vessels to go to the Plate in ballast, as much as 31 shillings had to be paid, which was directly attributable to the strike on this side tying tonnage up. The threatened closing of the Dardanelles was the final spurt, as much as 27 shillings being paid to induce owners to take the risk of loading in the Black Sea. It was generally recognized that the spurt in the autumn was more or less fictitious and would not last, and therefore the fall in freights which took place a month or so ago was not altogether unexpected. The sudden drop in Black Sea rates from 27 to 12 shillings caused other markets to fall in sympathy, but rates are still of a remunerative character, and it is generally believed that shipowners will have nothing to complain of for some time to come in the rates of freight they will be able to obtain.

As showing the freight fluctuations which have taken place during the period from 1892 to 1912, we give, in the appended folding sheets, further diagrams showing the highest and lowest rates in the homeward trade from Odessa and the highest and lowest rates from Wales to Genoa.

FREIGHT RATES ON COAL FROM BRITISH PORTS IN THE YEARS 1909 TO 1916, INCLUSIVE.

[Cardiff and South Wales Journal of Commerce Industrial Review, 1916.]

HOMEWARD FREIGHTS IN 1915—KEEN COMPETITION FOR TONNAGE—ABNORMALLY HIGH RATES SECURED.

The year 1915 has without doubt proved absolutely phenomenal so far as homeward freight rates are concerned. Generally, right through the whole of the period, rates of freight have been very forcibly and continually advanced, with the exception of one or two slight setbacks of a temporary nature. The fact that a large amount of the world's mercantile marine, such as that owned by Germany and Austria, having been of necessity withdrawn from trading on the high seas is, of course, in a considerable measure responsible for the enormous freights paid, but the main cause is undoubtedly to be found in the fact that the building of mercantile tonnage had practically ceased for the time being, in consequence of the requirements of more urgent national importance. A further, and certainly not an unimportant cause, was the withdrawal of a large proportion of tonnage from the world's market by requisition (stated by the first lord of the admiralty in the House of Commons to be equal to three times the German mercantile marine) to cope with the government demands, with the result that the amount of available tonnage left free for the world's trade was so utterly incomparative to the demand that charterers were by dire necessity compelled to compete most strongly in order to secure tonnage to carry out their contracts. Another important factor on the question of the scarcity of tonnage is that in normal times a large proportion of grain imported into the United Kingdom, France, and Italy, etc., came from the Russian Black Sea ports, which only entailed comparatively short voyages, whereas steamers have been compelled to make throughout 1915 considerably longer voyages, principally from North America, Argentina, and India, to bring the requisite grain to Great Britain and allied countries.

THE PIVOT OF THE MARKET.

An interesting point to note is that whereas the Black Sea market usually in normal times acts as a barometer to the various other homeward markets, the River Plate has been the pivot, governing to a large extent the whole of the markets during the period in question, and therefore the greatest attention of operators has been attracted to this

particular market. In summing up the trend of the markets generally it is only really possible to take into consideration the lowest rates of freight, viz, at the beginning of the year, and compare them with the highest rates. An important point, which in justice to shipowners, must not be overlooked, is the predominating fact that a large discount from the high rates of freight must be made—working expenses having increased exceedingly, such as insurance, wages, and, most important of all, unprecedented delays in discharging at various United Kingdom and allied ports, steamers frequently lying idle for a month or more, particularly in the United Kingdom. Liverpool being a striking instance about April last, also west Italian ports recently, and cases are not by any means infrequent where owners were without any redress whatever in the way of obtaining demurrage.

THE RIVER PLATE MARKET.

To deal with the River Plate market first, the opening of the year saw 60 shillings paid from not above San Lorenzo to United Kingdom for prompt tonnage, but at this time owners who operated ahead were compelled to accept an appreciable reduction, viz, 50 shillings for February loading steamers, 45 shillings to 46 shillings 3 pence for March, and as low as 41 shillings 3 pence was taken for a steamer to load as late as April. Rates, however, for early part of the year continued to steadily creep up to the neighborhood of 75 shillings in April and May for steamers then prompt, but a setback followed, bringing the rates down to the neighborhood of 42 shillings 6 pence to 45 shillings by the end of June. This setback proved purely a temporary lull in consequence of a diminished demand for maize, and another great advance quickly set in until the rapid increase, which has since been of almost daily occurrence, has with the close of the year crept up to the unprecedented rate of 122 shillings 6 pence. Notwithstanding this figure, however, merchants now remain faced with the important fact that available tonnage is so extremely scarce as to almost prevent them taking the risk of concluding the sale of cargoes without first having tonnage in hand by which to cover their probable requirements, which naturally places an inevitable restriction on operations, resulting in practically a hand to mouth trade.

		1915	
		Highest.	Lowest.
		s. d.	s. d.
Buenos Aires or La Plata to Northern States.....		61 0	35 0
Rosario to United Kingdom.....		123 0	50 6
San Lorenzo to—			
Spanish Mediterranean ports.....		122 6	43 0
United Kingdom.....		122 6	44 3
West Italy.....		125 0	55 0
Nitrate ports to—			
Mediterranean.....		90 0	82 6
United Kingdom and Continent.....		120 0	60 0

UNITED STATES SECTION.

The United States market has doubtless seen the largest amount of actual trading compared with any other particular section, and a huge business has been transacted, mostly for oats, wheat, barley, coals, cotton, etc. In the early part of the year rates current were northern range, 6 shillings 6 pence per quarter for oats to the French Atlantic ports, while at the end of the year the value was 13 shillings 6 pence, an increase of over 100 per cent. To west Italy 10 shillings 6 pence per quarter, heavy grain, and 8 shillings 3 pence for oats were the rates accepted in January, against 20 shillings 6 pence to 21 shillings, heavy grain, and 15 shillings the respective values in December. For cotton on form "C" from the Gulf to Liverpool 100 shillings per net register ton for about 145 feet measurement was paid during January, against 185 shillings for similar measurement in December, and to the Mediterranean 120 shillings was paid for January and February loading, against 260 to 270 shillings in the last month of the year.

	1915	
	Highest.	Lowest.
Northern range ports to—	<i>s. d.</i>	<i>s. d.</i>
Rio de Janeiro.....	40 9	37 0
River Plate (lower ports).....	52 6	31 0
United Kingdom.....	13 3	11 9
Gulf of Mexico to—		
Havre.....	190 0	120 0
Liverpool.....	170 0	95 0
Spanish Mediterranean.....	24 0	9 3
United Kingdom.....	15 0	8 6
San Francisco to United Kingdom and Continent.....	105 0	45 0

EASTERN BUSINESS.

The advance in rates in the eastern market was, if anything, even more marked than other directions, in consequence of the fact that at the opening of the year the demand in this market was incomparative with that of other directions, and it became a common occurrence for steamers at the close of last year to proceed from Indian ports to the River Plate in ballast, owners finding that notwithstanding the long ballast passage the rate from the latter quarter showed remunerative advantages. Therefore, during January and February business from the East was confined within a very narrow margin. Bombay dealt in tonnage for February and March loading on the basis of 37 shillings 6 pence dead-weight, to United Kingdom in December, however, 111 shillings 3 pence was paid for a similar voyage, a fact which displays a fairly accurate idea as to the comparative advance in rates. From Karachi, however, operations were practically confined to those of the Indian wheat committee, which chartered tonnage for the surplus amount of wheat exported from this country, at rates varying from about 45 to 55 shillings according to the rise in rates which took place from this quarter toward the middle of the year. From the rice ports Rangoon chartered tonnage at 26 shillings 6 pence to Liverpool, compared with 127 shillings 6 pence from Burmah to the United Kingdom in December; while Saigon secured tonnage for February and March at 36 shillings 3 pence to French ports, whereas 130 shillings was paid in the closing month of 1915. Vladivostok obtained tonnage for February loading at 42 shillings 6 pence Hull, but merchants in December were confronted with the important factor of an almost entire scarcity of available tonnage, notwithstanding that 110 shillings was obtainable. Therefore the percentage of the increased rates from this quarter to the close of the year compared with the state of the market at the opening of the period is probably the most marked in any direction.

	1915	
	Highest.	Lowest.
Aden to Calcutta.....	<i>Rupees.</i> 20	<i>Rupees.</i> 13
Calcutta to Colombo.....	15	7
Madras coast to—	<i>s. d.</i>	<i>s. d.</i>
Marseille (net).....	145 0	57 6
Marseille (less commission).....	120 0	55 0
Mauritius to United Kingdom.....	105 0	70 0
Salgon to—		
France.....	130 0	70 0
Liverpool.....	76 3	65 0
Vladivostok to United Kingdom and Continent.....	87 6	42 6

MEDITERRANEAN OPERATIONS.

The Mediterranean market has not shown a proportionate advance compared with other directions. As an instance, Alexandria was paying 25 shillings, London or Hull, during January and February, whereas the rate throughout the whole of the year only advanced to 47 shillings 6 pence. From the mineral ports, particularly South Spain, 6 shillings 6 pence to 7 shillings was freely paid to Cardiff for January, whereas 13 shillings was frequently done during the last quarter of the year to the same destination; and to Glasgow tonnage was obtained at 7 shillings 9 pence for January, whereas 17 shillings to 17 shillings 3 pence was the rate freely procured in December. The

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Bay ports varied considerably at the opening of the year, the rate then obtainable being 12 shillings 6 pence to Middlesborough. The rate, however, steadily advanced to 18 shillings, but a setback from this quarter was noticeable toward the end of February to early March, when 15 shillings 3 pence to 15 shillings 4½ pence was the utmost obtainable, and by April the rate had dropped to 13 shillings; by June and July 10 shillings 6 pence to 10 shillings 9 pence was all that could be obtained. This was undoubtedly accounted for by the fact that a large amount of tonnage on requisition was released with the proviso that the owners should bring a cargo of ore home, but shortly afterwards tonnage again gradually grew scarcer, and by the middle of October 17 shillings was reached; while by the middle of December 21 shillings to 21 shillings 6 pence was freely bidding and paid to the few steamers then available. Rates to other destinations from Bilbao varied proportionately at the opening of the year, 7 shillings, Newport, being the value at that time, whereas, for the middle of December, 17 shillings 3 pence was freely paid to Newport River.

	1915	
	Highest.	Lowest.
	s. d.	s. d.
Marbella to West Hartlepool.....	19 6	13 6
Oporto to Cardiff, Barry, or Newport.....	24 6	9 6
Porman to Tees.....	17 6	13 0
Sagunto to—		
Glasgow.....	17 6	7 9
Newport.....	14 0	8 6
Sfax to Nantes or La Pallice.....	France. 30	France. 23

BALTIC AND WHITE SEA MARKETS.

In the Baltic and White Sea section, although business reported during the past 12 months was by no means large compared with other ~~markets~~ which is accounted for by the fact that a good number of timber freights from this ~~region~~ ^{section} were covered by steamers taken up on time-charter basis, in addition to which there were, of course, a number of restrictions in force operating against steamers entertaining this class of business, the principal being war risks, and rates consequently have ruled firm throughout the season. The greatest rise apparent was from Skutskar to London, rates having advanced from 70 shillings to 143 shillings 6 pence, paid late in the season.

	1915.	
	Highest.	Lowest.
	s. d.	s. d.
Skelleftea to Hull.....	100 0	85 0
Skutskar to London.....	143 6	70 0
Soderhamn to London.....	95 0	70 0
Sundswall to—		
Ayr or Aberdeen.....	80 0	67 6
East Coast coal port.....	81 6	77 6
London.....	128 0	70 0

TIME-CHARTER RATES.

Rates on time-charter basis have varied considerably throughout the year—9 shillings 6 pence to 10 shillings on the dead-weight for a period of 12 months, trans-Atlantic trading being the value during January and February, but the advance which took place on the ordinary freight basis had the effect of bringing an almost daily rise into steamers' values on time charter, and by April 12 shillings 6 pence was freely paid, particularly for Italian charterers for a similar period, and by October 17 shillings 6 pence was reached, and by the close of the year tonnage had become so scarce as to force the rate to 25 shillings for British vessels, whereas tonnage under neutral flags were much more valuable during the closing months of the year, in consequence of restrictions in the trading limits of British steamers—an order in council having been issued in November prohibiting British vessels from trading between one foreign port and another foreign port as from December 1, 1915—and consequently large Norwegian tonnage commanded as much as 30 shillings for 12 months trans-Atlantic trading.

Time charter.	1915	
	Highest.	Lowest.
Australian trade.....	s. d. 21 0	s. d. 10 0
Continental trade.....	33 4	14 6
Trans-Atlantic (delivery Northern States).....	36 0	15 0
Trans-Atlantic (delivery United Kingdom and Continent).....	30 0	9 8
White Sea trade (delivery and redelivery, United Kingdom).....	26 0	14 6

TYNE COAL FREIGHTS IN 1915—EXTRAORDINARY RATES PAID.

Rates of freight paid to shipping from the Tyne during 1915 reached unprecedented levels. In the first half of the year rates from this district were comparatively much more remunerative than those obtainable in other markets, owing to the extra risks which ships had to run as a consequence of this part of the coast having been thickly strewn with mines by the Germans. The risk of encountering enemy warcraft also had the effect of keeping tonnage away from the district, with the result that merchants requiring boats had to pay extraordinary high rates, Algiers during January averaging 28 shillings 5 pence, Bordeaux 26 shillings 1 pence, Calais 19 shillings 10½ pence, Genoa 35 shillings, Havre 17 shillings 3½ pence, Port Said 28 shillings 8 pence, and St. Nazaire 26 shillings 7½ pence. In February the demand was very brisk and rates materially hardened, Algiers averaging 29 shillings 9 pence, Genoa 39 shillings 7 pence, Havre 19 shillings 2 pence, London 12 shillings 5 pence, and Port Said 32 shillings 6 pence. In fact, so firm was the market that the Government requisitioned a large number of detained and captured enemy vessels and placed them under the management of two Newcastle owners in the coasting trade with instructions that rates were not to be forced in an upward direction. These vessels were, as a matter of fact, fixed at rates much below those current, and in April the average to London had dropped to 7 shillings 5½ pence, while for Algiers it worked out at 23 shillings 8 pence, Genoa 35 shillings 8 pence, Port Said 27 shillings 6 pence, and St. Nazaire 18 shillings. The tonnage placed on the market by the government only caused a temporary setback, and after a couple of months rates again moved in an upward direction. In June Algiers averaged 19 shillings 9 pence, Genoa 27 shillings 11½ pence, Las Palmas 22 shillings 11 pence, London 7 shillings 3½ pence, and St. Nazaire 19 shillings. At the close of September the action of the Greek Government in ordering Greek vessels to proceed to Piræus further depleted the carrying capacity of available vessels, and rates advanced by leaps and bounds, and before the close of the year eclipsed all previous records. In September Algiers averaged 27 shillings, which was increased to 32 shillings 9½ pence in October, 38 shillings 9 pence in November, and 41 shillings 8 pence in December. Bordeaux averaged 22 shillings 11 pence in September, 26 shillings 1½ pence in October, 35 shillings 9½ pence in November, and 36 shillings 3½ pence in December, while Genoa jumped from 32 shillings 2½ pence in September to 44 shillings 7 pence in October, 53 shillings 10½ pence in November, and 64 shillings 10 pence in December. London averaged 8 shillings 7½ pence in September, which was increased to 9 shillings 4½ pence in October, 13 shillings 7½ pence in November, and 16 shillings 4½ pence in December, while St. Nazaire advanced from 21 shillings 6 pence in September to 24 shillings 6 pence in October, and 33 shillings 6 pence in November. The monthly averages to representative ports during the past year are appended:

Monthly averages, 1915.

Month.	Tyne to—					
	Algiers.	Bordeaux.	Calais.	Genoa.	Havre.	Las Palmas.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
January.....	28 5	26 1	19 10½	35 0	17 3½	23 7
February.....	29 9	27 0½	18 6	39 7	19 2	24 9
March.....	25 7	25 3	22 10	36 2	14 9½	24 10
April.....	23 8	17 6½	19 3	35 8	18 7½	24 7
May.....	21 7	18 9	15 10½	33 0	15 7½	23 3½
June.....	19 9	19 9½	15 11	27 11½	15 6½	22 11
July.....	18 3	18 5½	13 9	24 10½	13 0½	20 3
August.....	23 0	19 11	16 6	26 11½	13 9½	18 7
September.....	27 0	22 11	18 1½	32 2½	17 3	23 11
October.....	32 9½	26 1½	18 1	44 7	16 9	31 1
November.....	38 9	35 9½	23 6	53 10½	21 8½	26 6
December.....	41 8	36 3½	23 6	64 10	25 10½	35 5

Monthly averages, 1915—Continued.

Month.	Tyne to—				
	Lisbon.	London.	Port Said.	Rochefort.	St. Nazaire.
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
January.....	25 1½	11 8	28 8	16 3	26 7½
February.....	25 4	12 5	32 6	30 0	25 4½
March.....	22 8	10 2		17 0	24 0
April.....		7 5½	27 6	19 6	18 0
May.....	22 0	7 3½	25 0	19 7½	16 0
June.....	19 5	7 3½	26 6		19 0
July.....	18 4½	7 5½	24 5	18 5	17 7
August.....	19 0	7 2½	23 8	18 8	19 0½
September.....	23 4	8 7½	36 10½	23 7½	21 6
October.....	27 0	9 4½	45 5	25 0	24 6
November.....	29 8½	13 7½	51 11½	29 0	31 6
December.....		16 4½		37 8	32 8

LOWEST, HIGHEST, AND AVERAGE RATES IN 1915.

The extraordinary levels which freights reached in 1915 will be gathered from the following table, showing the lowest, highest, and average rates paid to representative ports during 1914 and 1915:

Tyne to—	1914			1915		
	Lowest.	Highest.	Average.	Lowest.	Highest.	Average.
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
Algiers.....	5 7½	16 0	7 11	17 6	42 6	26 0
Bordeaux.....	4 6	16 6	7 0	15 0	28 6	25 0½
Calais.....	3 4½	8 6	4 0½	13 0	26 0	18 7½
Genoa.....	6 9	22 6	10 11½	23 0	67 0	37 4
Havre.....	3 10½	16 6	7 8½	12 0	26 6	17 1½
Las Palmas.....	6	13 6	8 5½	15 9	36 3	24 10½
Lisbon.....	5 1½	13 0	8 1	15 3	35 0	22 9½
London.....	2 9	12 0	4 6	6 0	16 6	8 11
Port Said.....	6 9	22 0	10 6½	23 0	53 9	32 5
Rochefort.....	4 7½	11 3	5 9½	16 0	39 0	23 1
St. Nazaire.....	4 3	16 3	7 11	16 0	38 0	23 7½

[Cardiff and South Wales Journal of Commerce Industrial Review, 1916.]

WELSH COAL FREIGHTS IN 1915.

ALL PREVIOUS RECORDS ECLIPSED—GOVERNMENT MEASURES TO REMEDY TONNAGE SCARCITY—LOWEST, HIGHEST, AND AVERAGE RATES—EXCLUSIVE DETAILED STATISTICS.

[On the pages immediately following this article exclusive statistics showing the lowest, highest, and average rates of freights to all ports from Cardiff (including Newport loading) and to representative ports from Swansea are given.]

Shipowners during the past 12 months enjoyed a period of prosperity never before realized in the annals of steamship owning. Rates rose to levels which even shipowners themselves stated were "unreasonable." Though 1914 was a year of extraordinary dislocation to the shipping industry, on account of the commencement of hostilities in the great war, difficulties of an unparalleled character arose in 1915, and the situation was intensified. In fact, shipowners have never been faced with such serious and grave problems as those encountered during the past 12 months, and it is to the credit of shipowners generally that the country was able to successfully grapple with the crises which arose at different periods. Though freight rates reached levels previously unthought of, shipowners in many cases were prevented from enjoying the enormous freights obtainable by, in many cases, having their vessels—or a proportion—requisitioned by the admiralty on time charter rates which were very substantially below those offering on the market. Then again, the fact that Government measures were taken to regulate the export trade of the United Kingdom, on account of the

shortage of labor, and also to prevent certain commodities getting into the hands of the enemy, created at different times situations of much complexity. While owners during the past year were in receipt of unprecedented freights, it must not be taken for granted that their profits were anything like what might have been expected having regard to the extraordinary figures which were paid. The profits were to some extent curtailed by lengthy detentions at the discharging ports, by substantial advances in wages, increased costs of insurance, stores, and bunker coal, and also by the excess profits tax, which claimed 50 per cent of the surplus over the average profits of any two of the three years 1911, 1912, 1913, chosen by the taxpayer.

Early in the year, in order to reduce the high level of freight rates from the United Kingdom, the British Admiralty requisitioned interned alien vessels, which numbered 73, of 92,345 gross tons, and 38 captured vessels of 56,766 gross tons, for the coasting coal trade. These vessels were placed under the management of two Newcastle owners, who were instructed not to force rates of freight up and also to fix their boats at below current rates in order to reduce rates, particularly to London. This scheme certainly for a time did cause the coasting market to display weakness, but the easiness was only of a temporary character, and rates again quickly returned to their normal course. Toward the close of January the freight market was appreciably stiffened by the Italian Government requisitioning about 200 Italian steamers for the carriage of foodstuffs and coal to Italy. In February the German submarine "blockade" of England was initiated, but curiously enough, the enemy's futile attempt to isolate the British Isles did not cause rates of freight to advance, as would have been only natural on account of the increased risks which shipowners running to the United Kingdom had to undertake. Early in May an order in council was issued prohibiting the export of coal from the United Kingdom to all neutral countries except by license. This order had a material effect on outward coal freights, for at the beginning licenses to ship were granted only on a very limited scale, with the result that not nearly so much tonnage was required to transport the coal available for export. Consequently, tonnage for once being in excess of the demand, rates fell to levels which were the lowest recorded during the year. However, on May 23, Italy declared war on Austria and joined the allies, and on May 26 it was officially announced that coal could be shipped to Italy, which was no longer a neutral country, without a license. As the Italian market was one of South Wales's largest customers, the effect of this announcement was to immediately increase the demand for vessels, which, by the way, had been diverted to other destinations on account of the difficulty in obtaining licenses to ship coal, and rates again advanced.

WELSH MINERS' STRIKE.

In July a very serious state of affairs was created by the action of the Welsh coal miners, who struck work for a week in order to force their demands for a revision of their coal-field agreement, which terminated on June 30. That the miners should have taken such drastic steps during a time when the country was engaged in a war of such magnitude will forever be a stain on the patriotism of a section of the community which has so nobly responded to the call of men for His Majesty's forces. The owners had refused to enter into negotiations for a revision of the coal-field agreement on account of the fact that the miners were already receiving a 17½ per cent war bonus. Mutual arrangements having failed, the Government intervened, and proposals were put before the miners, which were rejected, and the miners on July 15 ceased work throughout South Wales, and did not recommence until July 22, after practically all their demands had been granted. This stoppage lost a large amount of business to the district and caused vessels to be diverted to other ports, while rates, owing to the smallness of the demand, descended to very low levels. Early in August it was announced that coal exports were prohibited to all countries except British possessions and protectorates without license. This order had practically no effect on the freight market, as by this time the coal licensing committee had got into thorough working order, and the new restriction created little fresh difficulty. Toward the end of September the shipping industry received a bombshell in the news that the Greek Government had issued instructions that all Greek vessels were to proceed to Piræus at once. The effect of this announcement was to send up rates to unprecedented levels, for the tonnage shortage was very acute, and the withdrawal of the Greek mercantile marine—estimated at 474 vessels of about 549,983 tons—from the market further materially accentuated the scarcity of vessels which previously were much below those required to transport the world's commerce. But this was not the end of the new difficulty created, for a few days after news was received that an enormous landslide had taken place in the Panama Canal, and that the waterway would not be navigable until early in 1916. Thus the world's supply of tonnage

was further depleted, as a large number of vessels were held up by the landslide, while those which had been about to go through the canal had to proceed by the old route, which appreciably prolonged the voyage and further diminished the carrying capacity of the world's tonnage. At this time affairs in the Balkans had reached a crisis, and the whole world was waiting to see on which side the Balkan States would participate in the war. On October 12 England broke off diplomatic relations with Bulgaria, and it was fully anticipated that Greece would soon join in the war on the side of the quadruple entente, but this expectation was unfortunately not realized. So acute had the tonnage scarcity position become that on November 11 two new orders in council were issued which dealt for the first time directly with the shipping industry. It was officially announced that from December 1, 1915, all British vessels would be prohibited from trading between one foreign port and another foreign port, except by license, and also that power had been given to requisition vessels for the carriage of necessities. The effect of this order was that vessels, except those granted a license, would upon discharging at a foreign port have to proceed back to the United Kingdom.

STRIKING FREIGHT COMPARISONS.

During the last quarter of 1915 rates were at the highest levels touched throughout the whole of the year, up to 72 shillings 6 pence being paid for Alexandria from Cardiff, 70 francs Algiers, 41 shillings Barcelona, 66 shillings Genoa, 33 shillings Gibraltar, 76 francs Marseille, 55 shillings Malta, 66 shillings Naples, and 70 shillings Port Said. The extraordinary height which freight rates reached in 1915 will be realized when it is borne in mind that the top rates for the same ports during 1914 were: Alexandria, 20 shillings 7½ pence; Algiers, 20 francs; Barcelona, 17 shillings 6 pence; Genoa, 18 shillings; Gibraltar, 14 shillings; Marseille, 23 francs; Malta, 18 shillings; and Port Said, 21 shillings 6 pence. For the bay and coast rates also broke all previous records, Cardiff to Bordeaux reaching the phenomenal figure of 45 francs in 1915, as compared with a top rate of 13.87½ francs in 1914, while Caen was done at 23 shillings against 12 shillings; Dieppe, 22 shillings 6 pence against 12 shillings 6 pence; Havre, 22 shillings against 13 shillings; Lisbon, 32 shillings 6 pence against 12 shillings; London, 16 shillings against 3 shillings 10½ pence; Rouen, 23 shillings against 14 shillings 6 pence; St. Nazaire, 41 francs against 14½ francs; St. Malo, 18 shillings 6 pence against 11 shillings 6 pence; and Trouville, 23 shillings against 4 shillings 9 pence. The average rates also showed a very marked appreciation, Algiers, for instance, averaging 34.39½ francs for the whole of 1915, as compared with 9.21 francs in 1914, 10.06 francs in 1913, 12.09 francs in 1912, 8.53 francs in 1911, 7.12½ francs in 1910, and 6.62½ francs in 1909. Alexandria averaged 36 shillings in 1915, against 10 shillings 3 pence, 9 shillings 10½ pence, 11 shillings 4½ pence, 7 shillings 5½ pence, 6 shillings 2½ pence, and 5 shillings 11 pence, while the average for Barcelona in 1915 was 28 shillings 10½ pence, compared with 9 shillings 1½ pence, 9 shillings 9½ pence, 11 shillings 6½ pence, 8 shillings 5½ pence, 7 shillings ½ pence, and 6 shillings 10½ pence. Genoa in 1915 averaged 31 shillings 8½ pence, compared with 8 shillings 10½ pence, 9 shillings 1 pence, 11 shillings 7 pence, 8 shillings 1 pence, 6 shillings 8½ pence, and 6 shillings 7½ pence, while Marseille averaged 40.09½ francs against 10.69 francs, 10.87½ francs, 13 francs, 9.53 francs, 7.87½ francs, and 7.25 francs, while the average for Port Said in 1915 worked out at 35 shillings 9½ pence, against 9 shillings 7½ pence, 9 shillings 7 pence, 11 shillings 1½ pence, 7 shillings 6 pence, 6 shillings ½ pence, and 5 shillings 9 pence in the preceding six years, respectively. The bay and coasting section also advanced in proportion, Bordeaux averaging 24.94½ francs compared with 7.17 francs, 6.90½ francs, 8.03 francs, 6.53 francs, 5.47½ francs, and 5 francs, while Dieppe averaged 13 shillings 2 pence, 4 shillings 4 pence, 4 shillings 11 pence, 5 shillings 11½ pence, 4 shillings 8 pence, 4 shillings 4½ pence, and 4 shillings 3 pence. Havre averaged 14 shillings, against 5 shillings 1½ pence, 4 shillings 10½ pence, 5 shillings 9½ pence, 4 shillings 8½ pence, 4 shillings ½ pence, and 4 shillings 1 pence, and Lisbon averaged 20 shillings 10 pence in 1915, against 9 shillings 1½ pence, 5 shillings 8½ pence, 6 shillings 7½ pence, 4 shillings 11 pence, 5 shillings ½ pence, and 4 shillings 11 pence, while the average for St. Nazaire worked out at 20.11 francs, contrasted with 7.62½ francs, 6.57½ francs, 7.61 francs, 6.06 francs, 4.78 francs, and 4.65 francs. For South America and Brazil average rates did not show such a marked advance owing to the fact that coal exports in this direction were considerably retarded by the stringency exercised by the war trades department in the matter of granting licenses. Consequently the demand for this direction was not so great as in other trades, with the result that freights did not advance in the same proportion, though they certainly reached figures unparalleled in the history of steamship owning. Cardiff to Montevideo averaged 30 shillings 6½ pence in 1915, compared with 13 shillings 6½ pence, 16 shillings 9½ pence, 19 shillings

3½ pence, 16 shillings 9½ pence, 14 shillings 6 pence, and 10 shillings 6 pence, respectively, in the previous six years, while the average for River Plate worked out at 30 shillings 5 pence, 14 shillings 1½ pence, 17 shillings 8 pence, 20 shillings 8½ pence, 18 shillings 1½ pence, 15 shillings 3½ pence, and 10 shillings 3½ pence, while the Rio de Janeiro average was 29 shillings 7 pence, against 13 shillings 3½ pence, 16 shillings 10 pence, 20 shillings 1½ pence, 16 shillings 6½ pence, 14 shillings 5½ pence, and 10 shillings 8½ pence. Rates for the Far Eastern destinations, as was only to be expected, reached extraordinary levels, and Aden averaged 37 shillings 9 pence in 1915, against 11 shillings 4½ pence, 12 shillings ½ pence, 12 shillings 7½ pence, 9 shillings 11½ pence, 8 shillings 8 pence, and 7 shillings 6 pence, while the average for Colombo worked out at 40 shillings 5 pence, 11 shillings 1½ pence, 12 shillings 4 pence, 13 shillings 4½ pence, 10 shillings 6½ pence, 9 shillings 2½ pence, and 7 shillings 11½ pence. Canary Islands business was also confined within comparatively narrow limits during the year, but the average for the past 12 months for Las Palmas worked out at 21 shillings 11 pence, against 7 shillings 4½ pence, 8 shillings 7½ pence, 10 shillings 8½ pence, 8 shillings 1½ pence, 7 shillings 1½ pence, and 6 shillings 1½ pence. From the above figures it will be noted that the average rates for the Mediterranean during 1915 were about four times as much as the average to the same ports in 1914, while for the bay, coast, Canary Islands, and eastern ports they were about trebled, and for the South American and Brazilian destinations doubled.

AVERAGES AT THE END OF EACH MONTH.

A striking illustration of the enormous advance which took place in freight rates in the last quarter of the year is given in the table published on another page showing the average rates of freight to representative ports from Cardiff and Swansea at the end of each succeeding month. For the Mediterranean ports the average during the first three months of the year steadily advanced, but in April, May, June, and July showed steady declension, and in the last five months of the year jumped rapidly, Algiers, for instance, advancing from a total average of 25.33 francs at the end of August to 25.50½ francs in September, and 28.97 francs in October, 31.80 francs in November, and 34.39½ francs in December. Genoa averaged 26 shillings 9½ pence at the end of August, and jumped to 28 shillings in September, 29 shillings 2½ pence in October, 30 shillings 8 pence in November, and 31 shillings 8½ pence in December, while Marseille increased from an average of 28.96½ francs at the end of August to 29.90½ francs in September, 32 francs in October, 36.93 francs in November, and 40.09½ francs in December, while Port Said advanced from 26 shillings 11½ pence at the end of August to 28 shillings ½ pence in September, 30 shillings 11½ pence in October, 33 shillings 10½ pence in November, and 35 shillings 9½ pence in December. During the first four months of the year average freights for the bay and coast steadily increased, but during the next three months declined, and in the last five months of the year rapidly appreciated, Cardiff to Bordeaux jumping from a total average of 19.36½ francs at the end of August to 20.13½ francs in September, 21.11 francs in October, 22.20 francs in November, and 24.94½ francs in December, while Havre increased from 12 shillings 11½ pence at the end of August to 13 shillings 1½ pence in September, 13 shillings 3½ pence in October, 13 shillings 9½ pence in November, and 14 shillings in December. Nantes jumped from 18.16 francs at the close of August to 18.74 francs in September, 19.95 francs in October, 21.53 francs in November, and 23.07½ francs in December, while Rouen appreciated from 14 shillings at the end of August to 14 shillings 3 pence in September, 14 shillings 7½ pence in October, 15 shillings 5½ pence in November, and 16 shillings 2½ pence in December. Until the close of September there was little change in the average of freights to the South American and Brazilian ports, Montevideo from January to September ranging between 25 shillings 5 pence to 26 shillings 5½ pence, but by the close of October the total average had jumped to 27 shillings 11½ pence, in November to 29 shillings 8 pence, and in December to 30 shillings 6½ pence. River Plate averaged between 23 shillings ½ pence and 25 shillings 10 pence during the first nine months of the year and then appreciated to 27 shillings 2½ pence in October, 27 shillings 11½ pence in November, and 30 shillings 5 pence in December. Rio de Janeiro averaged between 27 shillings ½ pence and 28 shillings 2½ pence in the first 10 months of the year, and advanced to 28 shillings 9½ pence by the close of November, and 29 shillings 7 pence at the end of the year. Eastern freights also showed little variation during the first nine months of the year, but by the close of October Colombo had advanced from an average of 30 shillings 10 pence in September to 38 shillings 3 pence and 40 shillings 5 pence in November, while for the Canary Islands, Las Palmas ranged between 19 shillings 10 pence and 22 shillings 5½ pence in the first nine months of the year, and the average during the last three months increased

from 20 shillings 4½ pence at the close of October to 21 shillings 14 pence in November and 21 shillings 11 pence in December. Bay and coast freights from Swansea during the first seven months of the year were somewhat irregular. Havre ranging between 12 shillings 4½ pence and 14 shillings 7 pence during the 12 months, while Rouen averaged between 14 shillings 4½ pence and 16 shillings ½ pence in the first nine months of the year, and the rate at the end of October was 15 shillings 1½ pence, which was increased to 15 shillings 6 pence in November and 15 shillings 10½ pence in December. Genoa averaged between 18 shillings 6 pence and 25 shillings 10½ pence in the first nine months of the year, an average which was increased to 27 shillings 4½ pence in October, 28 shillings 10½ pence in November, and 30 shillings 7½ pence by the end of December.

FREIGHT RATE FLUCTUATIONS.

The year 1915 opened with rates ruling at levels in excess of the highest figures paid during 1914, the demand for tonnage being of a brisk character, with available vessels insufficient to meet inquiries. Cardiff to Genoa, for instance, was fixed at the then high level of 30 shillings, the lowest rate accepted during the month being 18 shillings, while the average worked out at 25 shillings 10½ pence. Rouen reached a maximum of 16 shillings, and the lowest figure touched was 12 shillings 6 pence and the average 13 shillings 5½ pence, while the River Plate was done down to 18 shillings 6 pence and reached a maximum of 27 shillings, the average working out at 23 shillings ½ pence. A report toward the close of January that the Italian Government had requisitioned 200 of that country's steamers to transport coal and grain to Italy created a shortage of tonnage, and rates consequently stiffened, the top rate from Cardiff to Genoa at 33 shillings 6 pence in February showing a rise of 3 shillings 6 pence when compared with the maximum for January, and the lowest rate of 31 shillings marked an increase of 13 shillings when compared with the bottom figure accepted in January. The average of 32 shillings 3½ pence realized in February showed an advance of 6 shillings 5 pence. The lowest rate accepted to Rouen in February was 15 shillings 10½ pence, as compared with 12 shillings 6 pence in January, an advance of 3 shillings 4½ pence, while the maximum rate of 16 shillings 6 pence marked an appreciation of 1 shilling 6 pence, and the average at 16 shillings 1 pence a rise of 2 shillings 7½ pence. River Plate averaged 25 shillings 4 pence in February, or an advance of 2 shillings 3½ pence. In March rates receded somewhat sharply owing to stemming difficulties, caused by the fact that collieries were unable to produce coals sufficient to meet the needs of both the Admiralty and the commercial community. Genoa, for instance, averaged 29 shillings 10 pence against 32 shillings 3½ pence in February, Rouen 15 shillings 3 pence compared with 16 shillings 1 pence, and Las Palmas 19 shillings 4 pence against 21 shillings 6 pence.

At this time the German submarine "blockade" was in full force, but this dastardly method of attempting to wreck England's sea supremacy proved an utter failure, the percentage of tonnage sunk being truly insignificant, and later on Germany's scheme to isolate England was further diminished by the methods taken by the British Navy to deal with the submarine menace. Despite the extra risk taken by ships running to the United Kingdom ports, rates further depreciated, and by July had reached comparatively low levels, Genoa fixing down to as low as 16 shillings in July, while Lisbon was done at 10 shillings and Rouen 8 shillings. These figures constituted the lowest levels touched during the year, and the average for Genoa for the month worked out at 20 shillings 6 pence, Lisbon 12 shillings 7 pence, and Rouen 14 shillings 11 pence. This substantial decline in rates was caused mainly by the Government in May having prohibited the export of coals, except by license, to all neutral countries, which consequently caused a slackening in the demand for vessels, and foreign shipments were appreciably diminished. Just when the freight market was recovering from the effects of the activities of the coal licensing committee, the market received another rude shock by the action of the miners, who were persisting in their demands for a revision of the coal-field agreement, which terminated on June 30. The coal owners having refused to enter into negotiations on the subject, in view of the fact that the miners were receiving a war bonus of 17½ per cent the Government intervened and placed proposals before the men, which were rejected. The miners' executive committee requested the colliers to remain at work while negotiations were in progress, but they refused, and ceased work, with the result that all the Welsh collieries were idle for a full week, and were not restarted until practically the whole of the men's demands had been granted. This unpatriotic action caused trade in South Wales to come to almost a standstill, and tonnage accumulated in the various ports, notwithstanding that many vessels were diverted from the district. A large number of coal contracts were placed in America, and thus South Wales lost a good number of cus-

tomers. The inquiry in the circumstances was materially reduced, and rates continued to rule at comparatively low levels. In August, however, there was an expansion in the demand, and freights gradually advanced, notwithstanding that a new order in council was issued prohibiting shipments of coal to all countries but British possessions and protectorates without a license.

EXTRAORDINARY RISE IN RATES.

Freight rates from this time onward for the remainder of the year advanced by leaps and bounds until they reached levels which easily eclipsed all previous records in the annals of steamship owning. At the close of September news was received that the Greek Government had ordered all that country's vessels to proceed to Piræus. At this time the withdrawal of this tonnage from the market was a very serious matter, for the carrying capacity of available vessels was already decidedly insufficient to meet the demands of charterers. The action of the Greek Government particularly affected South Wales, for a large number of these vessels were engaged in carrying the produce of the Welsh coal field abroad. Then, on top of this, came the news that a serious landslide had occurred in the Panama Canal and that the waterway would not be navigable until early in 1916. Thus the carrying capacity of the world's tonnage was further diminished, a number of vessels being held up, while those which were about to proceed through the canal were forced to take the old routes, which seriously prolonged the voyage. The effect of the action of the Greek Government will be realized when it is pointed out that the average rate to Genoa jumped from 31 shillings 4 pence in September to 48 shillings 6½ pence in November; Port Said, 33 shillings 4 pence to 51 shillings 8 pence; Lisbon, from 19 shillings 1 pence to 27 shillings 5½ pence; Havre, 14 shillings 4½ pence to 17 shillings 9½ pence; Rouen, 16 shillings to 16 shillings 9½ pence; River Plate, 29 shillings 4½ pence to 40 shillings 5½ pence; and Las Palmas, from 18 shillings 6 pence to 28 shillings 4 pence. The top rate paid to Genoa in September was 40 shillings, which was increased to 45 shillings in October, while Port Said reached the maximum of 45 shillings in September, which advanced to 48 shillings in October, and Rouen, with a maximum figure of 18 shillings in October showed an advance of 1 shilling, while the River Plate jumped from 30 shilling in September to 45 shilling in October. In November the tonnage scarcity was more acute than ever and rates substantially appreciated, Genoa reaching a maximum of 54 shillings, Port Said 55 shillings, Lisbon 29 shillings, Havre 20 shillings, and Rouen 23 shillings, while the averages also displayed a marked improvement, Genoa averaging 48 shillings 6½ pence in November compared with 40 shillings 4½ pence in October; Port Said, 51 shillings 8 pence against 44 shillings 4½ pence; Lisbon, 27 shillings 5½ pence against 23 shillings 6 pence. Havre, 17 shillings 9½ pence against 14 shillings 9½ pence; Rouen, 19 shillings 10½ pence against 16 shillings 9½ pence; and Las Palmas, 29 shillings 4½ pence against 28 shillings 4 pence.

About the middle of November two new orders in council were issued, which directly affected the shipping industry and were designed to remedy the shipping shortage, which was more pronounced than ever. These orders prohibited British vessels as from December 1, 1915, trading from one foreign port to another foreign port without a license, and gave powers for requisitioning vessels to carry necessities. The effect of this order was that vessels, after discharging their cargo at a foreign port, were compelled to make their way back to the United Kingdom unless they were granted a license to proceed to another foreign port. This order was issued on account of the fact that a large number of British boats were known to be trading exclusively between foreign countries. During the last month of the year rates touched the highest levels reached during the whole 12 months, Alexandria reaching a maximum of 72 shillings 6 pence; Algiers, 70 francs; Barcelona, 41 shillings; Bahia Blanca, 39 shillings 6 pence; Bordeaux, 45 francs; Dieppe, 22 shillings 6 pence; Genoa, 66 shillings; Gibraltar, 33 shillings; Havre, 22 shillings; Lisbon, 32 shillings 6 pence; Las Palmas, 33 shillings; Marseilles, 76 francs; Naples, 66 shillings; Nantes, 41 francs; Port Said, 70 shillings; River Plate, 40 shillings; Rouen, 23 shillings; and St. Nazaire, 41 francs. Even the lowest rates touched in December were very substantially below the highest figure ruling in normal times, the lowest rate accepted for Genoa during the month being 56 shillings; Port Said, 60 shillings; Lisbon, 29 shillings; Havre, 20 shillings; Rouen, 20 shillings; River Plate, 38 shillings 6 pence; and Las Palmas, 30 shillings, while the averages marked a material advance over the average to the same ports in November, Genoa averaging no less than 61 shillings; Port Said, 65 shillings 3½ pence; Lisbon, 31 shillings one-half pence; Havre, 21 shillings; Rouen, 21 shillings 7½ pence; River Plate, 39 shillings 3½ pence; and Las Palmas, 32 shillings.

816 SHIPPING BOARD, NAVAL AUXILIARY, AND MERCHANT MARINE.

SEVEN YEARS' AVERAGES.

The average rates (on coal) to representative ports from Cardiff during the past seven years is shown in the following table:

Port.	1909	1910	1911	1912	1913	1914	1915
Cardiff (including Newport) to:							
Mediterranean—							
Algiers ¹	6.62½	7.12½	8.53	12.00	10.06	9.21	34.30½
Alexandria.....	5/11	6/2½	7/5½	11/4½	9/10½	10/3	36/0
Barcelona.....	6/10½	7/0½	8/5½	11/6½	9/9½	9/1½	28/10½
Genoa.....	6/7½	6/8½	8/1	11/7	9/1	8/10½	31/8½
Gibraltar.....	5/10½	5/9½	7/1	8/11½	8/3	7/11½	22/1½
Marseille ¹	7.25	7.87½	9.53	13.00	10.87½	10.09	40.09½
Port Said.....	5/9	6/0½	7/6	11/1½	9/7	9/7½	35/9½
Bay and coast—							
Bordeaux ¹	5.00	5.47½	6.53	8.03	6.00½	7.17	24.94½
Dieppe.....	4/3	4/4½	4/8	5/11½	4/11	4/4	13/2
Havre.....	4/0	4/0½	4/8½	5/9½	4/10½	5/1½	14/0
Lisbon.....	4/9½	4/10½	6/3½	8/2½	7/0½	6/2½	20/10
Rouen.....	4/11	5/0½	4/11	6/7½	5/8½	9/1½	16/2½
St. Nazaire ¹	4.65	4.78	6.06	7.61	6.5½	7.62½	20.11
South America and Brazil—							
Montevideo.....	10/8	14/6	16/9½	19/3½	16/9½	13/6½	30/6½
River Plate.....	10/3½	15/3½	18/1½	20/8½	17/8	14/1½	30/5
Rio de Janeiro.....	10/8½	14/5½	16/6½	20/1½	16/10	13/8½	29/7
Eastern—							
Aden.....	7/6	8/8	9/11½	12/7½	12/0½	11/4½	37/9
Colombo.....	7/11½	9/2½	10/6½	13/4½	12/4	11/1½	40/5
Canary Islands—							
Las Palmas.....	6/1½	7/1½	8/1½	10/8½	8/7½	7/4½	21/11

¹ Quoted in francs.

REPORT BY THE SAN FRANCISCO OFFICE OF THE BUREAU OF FOREIGN AND DOMESTIC COMMERCE RELATIVE TO OCEAN FREIGHT RATES FROM THE PORT OF SAN FRANCISCO.

MARCH 11, 1916.

Bureau of Foreign and Domestic Commerce:

Referring to bureau letter of February 2, calling for data on ocean freight rates, and telegram of the 10th instant, stating that such data should be mailed to-day, there is inclosed such meager material as it has been possible to collect to date.

Partial information is given as to rates to Hongkong, Manila, and Shanghai, furnished by the Toyo Kisen Kaisha; to Sydney, Australia, furnished by the Union Steamship Co. of New Zealand (Ltd.); to Copenhagen, Denmark, furnished by the East Asiatic Co. (Ltd.).

There has been no particular disposition to withhold information, except in one case, where the company did not care to go on record at all, but there has been a disposition to promise and not fulfill; parties on whom I had particularly depended failed to supply the desired information, though personal calls were made in addition to written requests. Calls made yesterday, after receipt of telegram from the bureau, brought forth renewed promises of data within a day or so from some of the concerns, but in other cases I was informed that it was simply impossible to get out the information, the general excuse being that it required too much work for an overburdened staff. This is borne out by the fact that several steamship companies are working evenings. Mr. H. E. Moore, traffic manager of W. R. Grace & Co., advised me yesterday that he had been obliged to neglect the ordinary correspondence for the past two weeks because of the great number of telegrams, cables, and conferences claiming his attention.

I had been particularly depending on W. R. Grace & Co. for information as to rates to the west coast of South America. Mr. Moore stated that rates in that direction had not advanced to the extent that they had in other trade routes—that, for example, the old rate of \$12 on general merchandise had risen to but \$14 per ton.

The Toyo Kisen Kaisha is unable to raise its rates on boats subsidized by the Japanese Government, though seeking authority to do so; on its chartered boats, however, the rates are considerably higher and are quoted only from boat to boat. This applies to the Java-Pacific Line and casual sailings, rates running anywhere from \$30 to \$60 per ton.

The closing of the Panama Canal is to some extent responsible for the present high rates, as prior to its closing there were more ships available for the Oriental trade; the early opening of the canal will undoubtedly supply more carriers and place rates on a more stable basis, though they will probably remain high for some time to come. Mr. Otto Jelstrup, general agent of the East Asiatic Co. (Ltd.), advises that with the reopening of the canal a fleet of Danish motor ships will touch at San Francisco every three weeks westbound.

Mr. Back, of the Union Steam Ship Co. of New Zealand (Ltd.), in speaking of the difficulty of supplying data for this report, stated that they had offered \$115,000 per month for the charter of one steamer and it had been refused, \$140,000 being asked. Even at the lower rate it would be necessary for them to get \$35 to \$40 per ton for freight in order to make any profit.

If the data on charters and rates promised "as soon as we can get at it" and "in a day or so" is received shortly it will be forwarded, though it may be too late for any particular use of the bureau.

The various concerns from whom information is sought will, however, be visited again with hope of results.

E. G. BARBITT, *Commercial Agent*

(Thereupon, at 12 o'clock, the hearing was adjourned until to-morrow, Thursday, March 9, 1916, at 10.30 o'clock a. m.)

COMMITTEE ON MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Thursday, March 9, 1916.

The committee met at 10.30 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. I desire to submit for the record the following telegram, received by Mr. Edwin H. Duff from Mr. Wm. Livingstone, president of the Lake Carriers Association, Detroit, Mich.:

DETROIT, MICH., *March 8, 1916.*

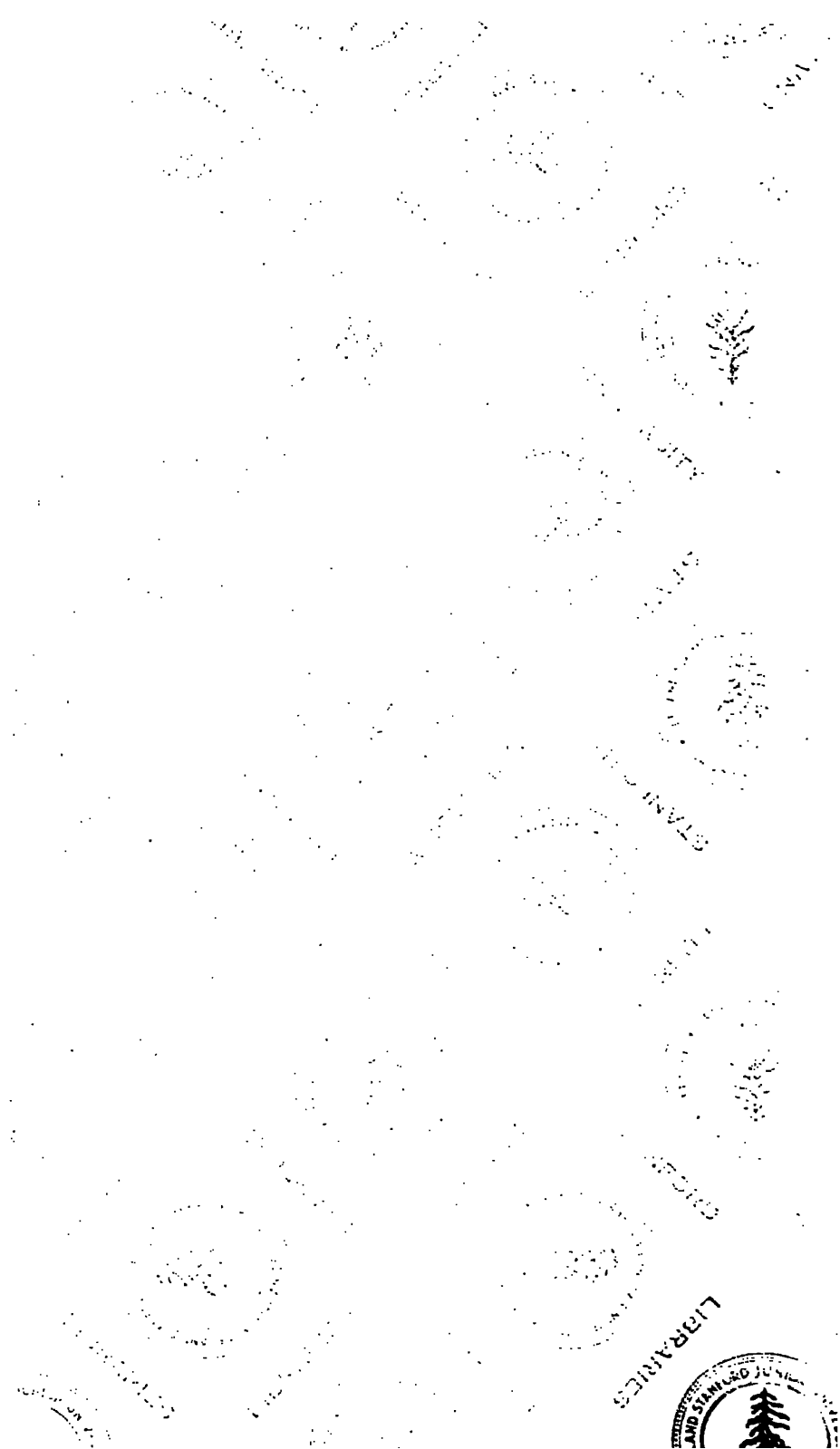
EDWIN H. DUFF,
1306 F Street, NW., Washington, D. C.:

Welland Canal is $26\frac{1}{4}$ miles long, has 25 locks, each 270 feet long and 45 feet wide, with 14 feet of water on sills. Total rise or lockage is $326\frac{1}{4}$ feet. These are dimensions of present old canal. New Welland Canal not expected to be completed until latter part year 1918.

WM. LIVINGSTONE,
President Lake Carriers Association.

(No one else having appeared to be heard on the bill, on motion the hearings were closed.)

1. The first part of the document is a list of names and addresses of the members of the committee.



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